EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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FRANCE
1789 tremors still shake the nation
Page 3

World News

Protests bring down Montenegro authorities

State and Communist Party leaders in Yugoslavia's southern republic of Montenegro resigned as 50,000 people demonstrated outside government buildings. Page 2

Jets bomb Lebanon

Israeli jets raided positions of the radical Palestinian Fatah Revolutionary Council, led by Abu Nidal, near the southern Lebanese port of Sidon.

'ETA leader' held

French police arrested the military leader of the Spanish Basque separatist group ETA, French government sources said.

Moscow peace bid

Communist Party leaders from the rival Soviet republics of Armenia and Azerbaijan, torn by a year of racial violence and nationalist demonstrations, were summoned to the Kremlin in a bid to settle their disputes.

Soviet census

Questions regarding the Soviet ethnic balance, population mobility and living conditions will be probed over the next four days in the most comprehensive census to be launched since the 1920s. Page 2

Talks breakthrough

Nato countries reportedly achieved a breakthrough in the deadlock between Greece and Turkey that threatened to hold up new East-West conventional arms reduction talks. Earlier story, Page 2

Hanoi peace moves

Diplomatic momentum toward peace in Kampuchea increased as former Kampuchean monarch, Prince Norodom Sihanouk, dropped two important objections to a settlement and Thailand and Vietnam ended two days of talks in Bangkok. Page 4

Mossad loses ruling

Israeli High Court ruled against the country's military censor and Mossad, its external intelligence service, in a landmark decision which will expand press reporting of national security. Page 4

Drowning in Punjab

About 90 people drowned on their way to a funeral when their boat broke up in a river in Pakistan's Punjab province.

Soviet AIDS tests

Foreigners visiting the Soviet Union for more than three months will have to undergo an AIDS test unless they can produce a certificate proving they are free of the disease.

Kabul food rationing

Afghan Government is to organise day-to-day food distribution and intensify its campaign against hoarding, following reports of shortages of food and other goods in the capital.

Reform plan backed

Possibility of political opposition to the communist authorities in Hungary moved closer as Parliament voted to allow independent parties and public demonstrations. Page 2

French election pact

France's Socialist and Communist parties are expected today to finalise an electoral alliance for March's municipal elections, after three months' open warfare between the two parties. Page 3

Business Summary

Intervention restrains dollar as sterling rises

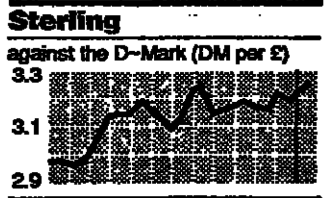
DOLLAR strength prompted frequent bouts of central bank intervention, while remarks by British Chancellor of the Exchequer Nigel Lawson helped push sterling to 2½-year high against D-Mark. Page 22

LATE BURST of buying, some of it futures-related, helped blue chips advance in New York above a psychological level at 2,200 and to a new record closing since the October 1987 stock market collapse. Dow Jones Industrial Average closed up 13.22 at 2,206.43. Markets, Page 44

BRITISH Government is to retain "golden share" in 10 water authorities in England and Wales for five years after privatisation later this year, and will monitor water company takeovers involving assets of more than £30m ($53m). Page 9

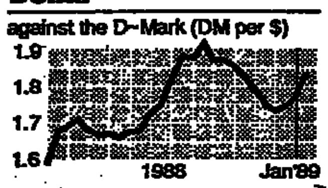
Sterling

against the D-Mark (DM per £)



Dollar

against the D-Mark (DM per $)



BERNARD Arnault, chairman of Financière Agache, is poised to take over as chairman of Moët Hennessy-Louis Vuitton (LVMH), leading French champagne, cognac and luxury products group, after resignation of Alain Chevalier. Page 23

ROBERT Maxwell, chairman and chief executive of Maxwell Communication Corporation, UK publishing and information group, is selling 25.6 per cent stake in Norton Opax, security and specialist printer. Page 23; Lex, Page 22

CERUS, French holding company of Italian financier Carlo De Benedetti, is expected to announce bid for 100 per cent control of Dumenil-Leblé, French financial services group of which it already owns 27.7 per cent, potentially creating France's fourth largest listed financial conglomerate. Page 23

ABBEY NATIONAL, second largest UK building society, unveiled plans for first ever building society stock market flotation through free issue of shares to its 5.6m members followed by rights issue to them of over £1bn ($1.8bn). Page 9; Lex, Page 22; Analysis, Page 23

THOMSON Travel's £75m ($132m) takeover of fellow UK travel group Horizon Holidays was given all-clear after three-month investigation by Monopolies and Mergers Commission. Page 9

INDIAN Government plans to lease aircraft for Indian Airlines, publicly owned carrier operating mainly on domestic routes, from other countries. Government delegation has left for talks with Soviet authorities.

JAPANESE share prices hit record levels for third consecutive session. Nikkei closed at 31,143.45, up 136.94. Markets, Page 44

EUROPEAN Parliament and US Congress are to explore jointly new system of binding arbitration for trade disputes. Page 6

World governments pledge not to use chemical weapons

By Edward Mortimer in Paris

A PLEDGE not to use chemical weapons, and a call for their eventual complete elimination, were adopted yesterday by 149 governments at the conclusion of a five-day Paris conference.

The conference also called for a stronger UN role in enforcing the ban on the use of chemical weapons, and investigating alleged violations.

Mr Roland Dumas, the French Foreign Minister who chaired the conference, described it as "a major step towards the total elimination of chemical weapons."

He added that he would lead the French delegation at the next session of the UN disarmament conference in Geneva, both to present the results of the Paris conference and to encourage other delegations to speed up their work on a convention banning the development, production, stockpiling and use of all chemical weapons.

Meanwhile, Mr Dumas said 12 more states had been added to the 129 signatories of the 1925 Geneva Protocol banning the use of chemical weapons, which the conference solemnly reaffirmed, and another two had announced their intention of doing so.

The wording of the final declaration adopted by the conference was the fruit of hard bargaining in a sub-committee during Tuesday night, mainly between industrialised and less developed countries, carefully orchestrated by Mr Kalevi Sorsa, the Finnish Foreign Minister.

The declaration still allows those states which signed the Geneva Protocol to reserve the right to retaliate in kind, if attacked with chemical weapons, does not establish an explicit link between chemical and nuclear disarmament, or set 1990 as a deadline for the conclusion of the Convention banning production and storage of chemical weapons.

These omissions represent minor victories for the US, which has been modernising its chemical arsenal since 1987 and refused to have the negotiations rushed at the expense of agreeing watertight verification procedures.

The Declaration does, however, call on the Geneva Conference to "redouble its efforts as a matter of urgency, to resolve expeditiously the remaining issues and to conclude the Convention at the earliest date," and Mr Dumas said that "everyone has the date 1990 in mind."

The US did not succeed in writing the phrase "non-proliferation" into the Declaration, nor any explicit provisions against the export of "precursor" substances.

The Declaration does, however, express concern at "the risk of the use of chemical weapons, as long as such weapons remain and are spread," and calls on all states "to exercise restraint and act responsibly."

Finally, the conference hinted at sanctions against future users of chemical weapons, expressing "serious concern at recent violations," as well as "support for appropriate and effective steps taken by the UN" and for the Secretary General "in carrying out his responsibilities for investigations in the event of alleged violations."

Conference reports, Page 2; Editorial comment, Page 20

Bonn considers US allegations

Bonn seems to be coming round to agreeing with the US view that West German companies have played a role in supplying the Libyan plant allegedly designed to produce chemical weapons. An unnamed West German Government official was quoted by Reuter yesterday as saying Bonn had evidence that the "US allegatiions are not groundless," and Chancellor Helmut Kohl was careful not to rule out the possible involvement of German companies. Page 22

UK airlines check 737s after crash site findings

By Michael Donne, Aerospace Correspondent, in London

BRITISH airlines using Boeing 737-300 and 400 series jet airliners began checks on their CFM-56-3 engines and related electronic systems late yesterday, following recommendations from the investigators into Sunday's crash of the British Midland 737-400 on the M1 motorway near East Midlands Airport in central England.

The crash may have been due to "a related failure" of both engines, the Transport Department's Air Accidents Investigation Branch (AAIB) said in statement, and it recommended the checks to the Civil Aviation Authority.

The airlines involved are Air Europe, Air UK Leisure, British Airways, British Midland, Dan-Air, Monarch and Orion, with collectively 32 aircraft involved, of which 29 are 737-300s and three 737-400s. British Airways was also checking its four Airbus A-320s which also use CFM-56-3 engines.

The US Federal Aviation Administration and CFM International, the engine manufacturer, were informed but late yesterday there was no report of similar action on the large US fleets of 737-300s and 400s.

Mr Donald Cooper, UK Chief Inspector of Accidents, said: "Evidence obtained early in the investigation indicated that both the Number One (port) and Number Two (starboard) engines might have suffered a related failure.

"Since then, other evidence, including that from the flight data recorder and cockpit voice recorder, has confirmed that there was an in-flight failure of the number one engine which led to an engine fire and a large loss of thrust in the final stage of the approach to the East Midlands airport.

Mr Cooper added that the reasons which led to the starboard engine being shut down earlier in the flight were not yet clear. "Detailed examination of the engine is being pursued as a matter of urgency to discover the cause of the failure. "The on-site examination of this engine, so far, has revealed no evidence of fire as was reported by the crew in their radio transmissions."

He added, however, that "a great deal of significant evidence relating to this engine has yet to be obtained, in particular that from detailed examination of the engine, its warning systems and detailed evidence from the two pilots.

"Much work remains to be done, but from the existing evidence the AAIB have considered it prudent to make the following safety recommendations to the Civil Aviation Authority:

"1. That the CAA consider increasing the frequency of existing engine inspections and engine health monitoring on Boeing 737-300 and 737-400 aircraft until the cause of the engine failure(s) are established.

"2. That the CAA call for an examination of the Boeing 737-300 and 737-400 engine fire/overheat and vibration monitoring circuitry for left/right engine sense."

The recommendations indicated that the investigators are now leaning towards the theory of some malfunction of the aircraft's systems as a possible cause of the crash, although human error by the flight crew is still not ruled out.

Captain Kevin Hunt, the pilot in command, was inter-

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Mexican oil workers strike

By Richard Johns in Mexico City and Robert Graham in London

MEXICO'S VITAL oil industry was partially paralysed yesterday as members of the country's powerful oil workers union shut down operations in protest over the surprise arrest on Tuesday of their leader Mr Joaquim Hernandez Galicia.

The protests were accompanied by tough statements from Mr Fidel Velazquez, the veteran boss of the government-controlled trade union movement. They underlined the seriousness of the confrontation sparked by President Carlos Salinas de Gortari's decision to arrest the union leader, who had built up a fiefdom within the oil industry.

Mexico is the world's fourth largest oil exporter, and oil accounts for 40 per cent of its revenues. The oil workers' union has 110,000 members.

Mr Velazquez said: "I am worried, disgusted.....I can't allow this to happen in Mexico." But he was reported to have softened his position later after a meeting with Mr Salinas and pledged his support to guarantee labour peace.

Despite rumours of possible fuel shortages, most Mexicans appeared to support the Government's move. Mr Hernandez, known as "La Quina", was arrested with at least 30 others when army units stormed his house in the northern city of Tampico. He is being held on charges of undermining state security.

Yesterday six of the country's nine refineries were reported closed along with eight petrochemical plants. Some 6,000 oil workers demon-

Battle for Control, Page 20
Continued on Page 22

Bank holds further talks with proposed partners

Lazard tries to reassemble GEC bid plan

By Hugo Dixon, Terry Dodsworth and Clay Harris in London

LAZARD Brothers, the UK merchant bank, was working overtime last night to try to put together a consortium bid for GEC, the UK electronics group.

The bank's original plan was knocked off course on Tuesday, when STC, the UK's second largest electronics group, said it was unlikely to join the consortium. STC formed a key element in Lazard's plan as it was to take over GEC's telecommunications interests.

Lazard had further discussions with STC yesterday to persuade it back into the consortium. It was unclear whether these discussions were going to be successful.

The bank is also in contact with AT&T, the US telecommunications giant. The plan is that AT&T would take over part of GEC's telecommunications business if STC cannot be persuaded.

Lazard is putting together a consortium bid for GEC in part as a response to GEC's own bid with Siemens of West Germany for Plessey, another UK electronics group.

The Lazard camp believes that a consortium must be put together within the next few days.

GEC shares fell another 7p to 213p, reflecting doubts about the chances of a consortium bid getting off the ground, and the widespead belief that the GEC's own £1.7bn ($3bn) offer for Plessey, would shortly be referred to the UK Monopolies and Mergers Commission.

Lord Young, Trade and Industry Secretary, is expected to announce his decision on a referral before the weekend, possibly as early as today.

S.G. Warburg and Schroder Wagg, the merchant banks advising GEC/Siemens, meanwhile complained to the Takeover Panel about the absence of any firm news about a possible bid for GEC.

At this stage the Panel's inquiries are believed to be no more than routine, although the UK watchdog would demand a further statement if the uncertainty had not been cleared up as a final closing date for the Plessey bid approached.

Plessey shares closed unchanged at 226p, 1p above the GEC/Siemens offer price. A late spurt of trading lifted volume reported on the computer-based Seaq system to 23m shares.

GEC/Siemens, which so far has disclosed a stake of 1.08 per cent in Plessey, is believed to have picked up about 7m of the shares, to take its interest above 2 per cent.

AT&T is considered within the Lazard camp to be only a second-best option, because of its nationality. Its involvement would lend weight to fears that GEC was being carved up by foreign companies.

Barclays, the UK clearing bank which is putting together a £3.5bn financing package to support any bid by Lazard, is understood to be concerned about the political implications of selling large parts of GEC overseas. It agreed to support the original plan because it would not have involved a foreign carve-up.

AT&T is interested in taking part of GPT, the 50-50 telecommunications joint venture between GEC and Plessey, as it would give it a substantial presence in Europe's telecommunications market. AT&T, however, denied that any of its executives were in the UK to discuss the bid.

GE, the US electrical giant, was also in discussions last night to see whether there was any role for it to play in a bid for GEC. It is interested in GEC's power engineering and medical electronics businesses.

The Lazard camp was originally keen that GE's involvement in a bid should be kept to a minimum to counter arguments of a foreign takeover. However, GE seems to believe it might be able to take part in a bid, if Lazard's original plan falls apart. Mr Jack Welch, GE's chairman and chief executive, has already met Sir John Clark, Plessey's chairman, and is staying in London for several days to examine options.

The US company's UK merchant bank, N.M. Rothschild, said: "GE is not going to form a second consortium and it is not going to bid for GEC itself."

There were suggestions within the Lazard camp that STC was playing for a better position by saying it was unlikely to join the consortium. STC is unhappy with the price of about £1.8bn that is being asked for GPT.

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Barclays chief defends support for takeover

By David Lascelles, Banking Editor, in London

MR JOHN QUINTON, the chairman of Barclays Bank, went on the offensive yesterday to justify his bank's backing for the planned £7bn ($12.3bn) bid for Britain's General Electric Company despite the fact that GEC's chairman, Lord Prior, was on his board.

But he also said he had to wrestle with his conscience over how to break the news of the backing to his fellow director. In the event, he did not have to. Lord Prior found out about it from another bank and resigned in anger last Friday, sparking a controversy within the UK business establishment over banking loyalties. It also emerged that this was not the first time Lord Prior had learnt from someone else that Barclays was considering financing a predator on GEC.

Mr Quinton maintained in an interview yesterday that Barclays had acted honourably throughout the deal, not only in its decision to back the consortium, led by Lazard Brothers, the UK merchant bank, trying to bid for GEC but in the way it handled sensitive information about it.

Although Lord Prior was on his board, he said, Barclays owed its main duty to clients for whom it was a lead bank. These included the UK electronics companies Plessey and STC, which are part of the bidding consortium, but not GEC for which Barclays was only secondary banker. "If we have to make a choice, we favour people for whom we are lead bank," he said. "GEC have many banking relationships." (GEC says that Midland is its lead bank, and it has now closed its account at Barclays).

In order to limit conflicts, Barclays has an elaborate system for deciding who it will support in bids which pit clients against each other. This takes into account the relationship, who is the aggressor, and a host of other economic and political factors, including in GEC's case, the likelihood of losing a blue chip customer.

According to Mr Quinton, there is also a complex system of Chinese walls to ensure that information about bids does not leak from one part of the bank to another. "We have 20 pages of guidelines for people involved in situations where there are conflicts," he said.

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MARKETS

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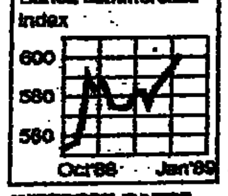
Banca commerciale index



INTEREST RATES
US lunchtime
Federal Funds 9⅝% (9⅛)
3-mth Treasury Bills: yield: 8.52% (8.55)
Long Bond: 99½ (99⅞)
yield: 9.04% (same)
London
3-month interbank: close 13⅛% (same)

STERLING
New York close
$1.7865 (1.7650)
London:
$1.7810 (1.765)
DM3.2575 (3.237
FFr511.0950 (11.0325)
SFr2.7700 (2.7600)
Y224.50 (222.75)

DOLLAR
New York close
DM1.82525 (1.8355)
FFr6.2170 (6.2515)
SFr1.55225 (1.56575)
Y125.825 (126.25)
London:
DM1.8285 (1.8360)
FFr6.2300 (6.2550)
SFr1.5550 (1.5645)
Y126.10 (126.30)

GOLD
New York latest
Comex Feb
$404.7 (405.6)

STOCK INDICES
New York close
Dow Jones Ind. Av.
2,206.43 (+13.22)
S&P Comp
282.01 (+1.63)
London:
FT-SE 100
1,834.1 (-1.9)
World:
141.33 (Tues)
Tokyo
Nikkei Ave
31,143.45 (+136.94)
Frankfurt
Commerzbank
1,687.7 (+4.4)

OIL
Brent 15-day (Argus)
$16.325 (+.20) (Feb)
West Tex Crude
$17.915 (+.39) (Feb)

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Iran's constitutional debate has factions deadlocked

Seven months before the country votes for a new president Hojatoleslam Ali Akbar Hashemi-Rafsanjani is said to be ready to stand - providing certain conditions are met.
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EUROPEAN NEWS

Paris conference declaration signed with reservations, says minister

Iraq pledge on chemical weapons expertise

By Edward Mortimer in Paris

IRAQ does not intend to help other countries follow its example in developing and using chemical weapons, Mr Tariq Aziz, Iraq's Foreign Minister, said yesterday.

Speaking shortly before the end of the Paris conference on banning chemical weapons, he was asked about reports that Iraq now knows more about such weapons than any other state, and that many other countries were approaching it for technical and military advice about them.

"Whatever experience we have, we will not spread it to others," he said. Iraq had had to face "a terrible threat to our country (from Iran) and we did our best to defend ourselves."

But that was now over. Iraq's present efforts were directed towards peace, "and we are not very much fond of exporting our experiences in this respect."

Mr Aziz denied that Iraq's violations of the protocol banning use of chemical weapons were the main reason for holding the conference, noting that only the Iranian and Israeli foreign ministers had referred to this in their speeches.

Instead, he stressed "the particular situation in our region," resulting from Israel's possession of nuclear weapons, failure to sign the nuclear non-proliferation treaty, and "refusal to reach peace with its neighbours." The final declaration of the conference, he said, fell short of what he and other Arab ministers wanted by failing to "highlight" this situation. None the less, Iraq shared the aims of the conference, and was anxious to join in the negotiation of a total ban on chemical weapons at the UN disarmament conference in Geneva.

UN officials sceptical about power to investigate

By A Special Correspondent

THE PARIS conference has reaffirmed its support for the United Nations Secretary-General's role as an investigator of chemical weapon violations. But past experience has made the UN Secretariat sceptical about how free a hand it will get.

Attempts to investigate even the most horrific attacks have faced harsh political constraints. Security Council members have maintained an informal right to veto or delay UN probes, and particularly in the case of France and the US, they have shown little inclination to give it up.

Last June, France and the US rejected a British proposal for the Secretary-General to be granted the authority to investigate chemical weapons without consulting the Council.

In theory, the Secretary-General has had the authority to investigate alleged attacks since the General Assembly voted unanimously to let him do so in 1987. In practice, the Secretariat has asked the Security Council each time.

A string of inconsistent UN responses to chemical weapons attacks illustrates the political pressures to which the Secretary-General has been subject.

Using soil and weapons analyses, it is relatively easy for military experts to determine if chemical weapons have been used, how, and by whom. In May 1987, a UN team approved by the Security Council did just that, concluding that Iraq used nerve gas rockets and mustard bombs against civilians in the Iranian city of Khorramshahr.

The team's report also said Iraqi soldiers had been hit by toxic weapons. UN officials said privately that the team suspected the Iraqis had injured themselves by accident: a line of reasoning which for political reasons was not pursued by the UN.

The Secretary-General faced even more pressure to suppress an investigation in March 1988, when a chemical bombardment by Baghdad's forces of the Iraqi city of Halabja killed thousands of Kurds.

Iran requested an inspection similar to the 1987 one. But the mood of the Security Council had shifted against Tehran because of its refusal to accept a UN peace plan. Iraq's Third World allies, anxious to keep the heat on Iran, pressed the Secretary General to "call off the dogs," according to a Western diplomat.

Only when Iran threatened to cut off peace talks with the UN did the Secretary-General come up with a compromise, sending one Spanish physician to visit the wounded in Iran, rather than the usual four or five military experts. Dr Manuel Dominguez concluded the toxic weapons had been used, but could not say who used them.

Iraqi chemical warfare attacks, which some say helped turn the war in Baghdad's favour, continued through May and June, without the UN naming Iraq as the user.

Only after Iran agreed to a ceasefire in August did the Council permit a UN team to conduct a thorough investigation. It concluded that Iraq conducted a ferocious mustard gas attack on August 2 on the city of Oshnaviyeh.

UN officials cautioned that while the Secretary-General would prefer greater independence on chemical weapons, he might be reluctant to take on the role unless given specific assurances he will be left free of political pressures.

Meanwhile, British officials said a UN team is drawing up plans for more vigorous investigations, to be implemented in the event that such procedures are approved by the superpowers.

The team, in which most political blocs are represented, was established by a General Assembly vote in 1986, and it is due to convene in Geneva.

Soviet census to probe issue of ethnic balance

By Quentin Peel in Moscow

KEY QUESTIONS regarding the ethnic balance, mobility and living conditions of the Soviet Union's multi-ethnic population will be probed over the next four days in the most comprehensive census to be launched since the 1920s.

The exercise has been brought forward by one year to provide essential and reliable information for the next five-year plan, the first to be designed entirely for the economic reforms of Mr Mikhail Gorbachev.

For the first time since 1926, housing and living conditions will be included in the questionnaire, being distributed by more than 1m part-time tellers.

However the most sensitive issue is likely to be information on the ethnic composition of the 15 republics in the USSR, and the rate of population growth among the non-Russian minorities.

The whole subject of the relationship between nations and ethnic groups – of whom there are more than 100 in the population, expected to total 287m – is to be discussed at a crucial plenary meeting of the ruling Communist Party central committee in mid-year. It is not certain, however, whether more than an overview of the census results will be ready by then.

Statistics showing a continuing rapid growth in ethnic minorities, at the expense of the Russian majority, would reinforce demands for a more decentralised federal system - along the lines demanded by the Baltic republics in the north, and the Armenians and Georgians in the south.

Mr Mikhail Korolyov, chairman of Goskomstat, the state statistics committee, promised this week that there would be no "blank spots" in the census, with the first results due for publication by April.

● The Soviet Union is to introduce compulsory AIDS tests for all foreigners living for more than three months in the country, Mr Gennady Gerasimov, the Foreign Ministry spokesman, said yesterday. He said that three times as many foreigners as Soviet citizens had been diagnosed as carriers of the virus. Among 17m people tested, 334 foreigners and 112 Soviet citizens had been *identified as carriers*.

W German economy grows by 3.4%

By Andrew Fisher in Frankfurt

WEST GERMANY'S economy grew by 3.4 per cent last year, mainly propelled by strong export demand which more than compensated for the weaker trend in private consumption.

The figure, announced by the Federal Statistics Office, is in line with Government and independent forecasts of around 3.5 per cent, though expansion is expected to slow in 1989.

The rise in GNP was the strongest since 1979, when a real rate of 4 per cent was recorded. It contrasts strongly with the limp expectations at the start of the year, before the effects of the mild winter on the construction industry were felt.

Also helping the economy in 1988 were the low oil price, the capital investment surge in Western Europe, and the relatively weaker D-mark. The rise compares with a growth rate of only 1.8 per cent in 1987. For this year, economists generally forecast real growth of between 2 and 2.5 per cent.

In real terms, after allowing for price rises, exports of goods and services rose by 5.1 per cent against a rise of 6.8 per cent in imports. The statistics office said Germany's terms of trade improved by 1.5 per cent, comprising a rise of 2.1 per cent in export prices and one of 0.6 per cent in import prices.

In nominal terms, the foreign component of GNP – the difference between the export and import of goods and services – rose to DM121.3bn (£37bn) from DM111.1bn, though in real terms, it fell from DM49bn to DM45.7bn. Private consumption was up by only a real 2.7 per cent against 3.5 per cent in 1987.

● Daimler-Benz, the West German motor group which has diversified into electronics, defence, and aerospace, yesterday held talks with British Aerospace on possible areas of future co-operation.

Czechs list 38 insolvent companies

MANY of Czechoslovakia's largest companies are insolvent and will be restructured because no one wanted to buy their products, according to the State Bank, Reuter reports from Prague.

Mr Jan Mitro, the bank's president, was quoted in Tuesday's edition of Rude Pravo, the Communist Party daily, as saying the main cause of insolvency was the accumulation of superfluous and poor quality stock which could not be sold.

He said 38 companies would be streamlined and their production subjected to stricter quality control in a programme aimed at restoring financial viability by 1991.

A list of the companies, published in the newspaper, put the combined total of their insolvency at 15bn crowns (£938m).

They include engineering companies Skoda Pizen, ZGTF Martin and Zetor Brno, arms manufacturers Zbrojovka Vsetin and ZVS Dubnica, and electronics companies Tesla Strasnice and Tesla Pardubice.

Also listed were all Czechoslovakia's car and truck manufacturers – Tatra Koprivnice, Avia Praha, AZNP Mlada Boleslav and LIAZ Jablonec – and several textile and glass manufacturers and construction companies.

Overall insolvency of Czechoslovak enterprises rose to 45bn crowns in 1988 from 3bn in 1980, Rude Pravo said.

According to Western estimates, economic growth slowed to 2.2 per cent last year from 2.3 per cent in 1987.

Hungary's reform laws passed

By Leslie Colitt in Berlin

HUNGARY'S Parliament yesterday approved political reform laws guaranteeing the rights of assembly and association.

After two days of heated debate on the pace of the reforms, legislators reached a compromise agreement with the Government. In return for a nearly unanimous vote on the bills, the Government promised to draft a new law on political parties by August 1.

Although the Law on Association provides for independent political organisations, it does not provide for political parties. This is to be covered under forthcoming legislation which will set down the conditions under which parties may be established. It is to be incorporated in a new constitution which is to be enacted in time for elections in 1991.

Bid to end Greek-Turkish deadlock on arms talks

By Judy Dempsey in Vienna

NATO countries, after intense discussions, last night again attempted to break the deadlock between Greece and Turkey over what parts of the latter should be excluded in new conventional arms reduction talks.

Greece continues to insist that the southern Turkish part of Mersin, an important transportation centre for northern Cyprus, should be included in the final mandate on Conventional Stability Talks (CST) which groups together the 16 Nato and seven Warsaw Pact states.

It is understood that Greece and Turkey yesterday blocked a compromise text related specifically to the disputed zone.

Unless a compromise is agreed today, it could radically upset the timetable for the conclusion next week of the Vienna review meeting of the Conference on Security and Co-operation in Europe (CSCE).

Foreign ministers from the 35 states which signed the original 1975 Helsinki Accords of the CSCE are expected in Vienna on January 17.

Romania yesterday indicated to the Austrians that it would not block consensus in the final draft CSCE document, despite earlier reservations about the text.

Protests force leaders to quit in Montenegro

COMMUNIST AND state leaders in Montenegro, Yugoslavia's smallest republic, resigned en masse yesterday in the face of a wave of protests over the economy and abuse of power, Reuter reports from Begrade.

Two days of demonstrations in Titograd by 120,000 workers and students forced top party and state officials to quit in a republic of multi-ethnic Yugoslavia for the second time in three months.

The latest unseating of leaders highlighted economic hardships, ethnic strife and worker unrest in Yugoslavia which caused Prime Minister Branko Mikulic's government to resign

Last October thousands of workers toppled regional leaders in northern Vojvodina province, a part of the Serbian republic, but a similar attempt in Montenegro a few days later was crushed by riot police.

FINANCIAL TIMES

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French left-wing parties agree electoral pact

By George Graham in Paris

FRANCE'S Socialist and Communist parties are expected to set the seal today on their electoral alliance in March's municipal elections.

Mr Pierre Mauroy, secretary general of the Socialist party, and Mr Georges Marchais, the Communist leader, will sign a joint declaration, settling their policy differences at national level and opening the way for local negotiations over which should take the lead in each municipality.

The past three months have seen open warfare between the two parties, with the Socialist Government blaming the Communists for exploiting the wave of public sector strikes which brought postal and transport services to a halt.

Communist leaders also reacted vigorously when charged by Mr Michel Rocard, the Prime Minister, with being "Stalinist."

The sudden peace, following a lull in the series of strikes, shows the extent to which each party still needs the other.

For the Socialists, the agreement brings a measure of security in Parliament, where the Government does not have an absolute majority. Mr Rocard has already fought off a right-wing censure motion thanks to Communist abstention.

Tomorrow's joint declaration includes an implicit Communist commitment not to join the right in a censure motion for the rest of the parliament.

For the Communists, the deal offers the alliance they need to hold on to their cherished municipal power bases, especially in the Paris suburbs and in the north of France.

The two parties have had difficulty in reaching an agreement on how to divide up the municipalities. The Communists have now relaxed slightly their demand for a line-up unchanged from the last municipal elections in 1983, when the right won 31 towns with over 30,000 inhabitants from the left, 16 of them previously held by the Communists.

Outgoing Communist mayors are expected still to lead the left-wing alliance into the March elections (with one or two possible exceptions such as Amiens) but the Socialists may take over in some municipalities where a Communist leader lost in 1983.

Revolutionary tremors shake France 200 years on

In spite of professorial claims to the contrary, old conflicts are still reflected in contemporary issues

IAN DAVIDSON ON EUROPE

IT IS NOT easy for a civilised, democratic country to celebrate the anniversary of a revolution, even its own; or perhaps that sentence should read "especially not its own".

A People's Republic may revel only too appropriately in the commemoration of the frightful events which substituted one oppressive regime for another; but in a stable, pluralist system, there can hardly fail to be a deep ambivalence about the violent rupture which may have been its necessary precursor.

To those who are not French, the French Revolution may perhaps appear to be something which happened long ago and, metaphorically speaking, far away. Very important, of course, and very dramatic; but in the history of Europe there have been many dramatic upheavals before and since.

By now, one might think, the painful memory of regicide, the Terror, the civil war, and the mad pursuit of Empire, should have had time to fade away.

Yet 200 years after the events which shook the world, France is still only too obviously and vibrantly alive with ambivalent feelings about them. This is not just a case of left-right antagonism between today's ideologists, though obviously the left feels much better about the Revolution than the right.

No, the process of looking back to 1789 and the years and decades which followed, seems to be evoking deep echoes about France's history and identity.

In theory the revolutionary explosion of 1789 took place a long time ago by a distant shore; in reality its waves are still reaching France, and Europe, over a deep undertow.

François Furet, the fashionable doyen of French historians of the period, and author of two massive new books on this subject, gained notoriety with his claim that "La Revolution Française est terminée".

Professor Furet upset left-wing apologists of an idealistic interpretation of the Revolution, because his analysis seemed to lean (with qualifications) towards the conservative views of Burke, Chateaubriand and Tocqueville.

But part of his aim has been to break free from the age-old interpretative quarrels between left and right, and to argue that the Revolution is over because its ideas have at last triumphed in a politically united country.

Such a conciliatory thesis has obvious appeal. Despite the apparently insatiable popular appetite for tittle-tattle about the British and Monegasque royal families, monarchists in France are by now a negligible minority; almost no one seriously challenges the legitimacy of the Republic; a new revolution is not on the agenda.

At second glance, however, the Furet proposition seems less self-evident. According to the conventional wisdom, France's Fifth Republic represents the attainment of political stability. After 200 years of political upheaval, which included (among other diversions) three revolutions, a directorate and a consulate, a restoration and a monarchy, two empires, and five republics, France has now achieved maturity.

Yet these past ruptures did not erase factors of deep continuity. For example, there is the celebrated thesis of another historian, Réne Rémond, that the French right is divided into three camps, *and has been so divided ever since the Revolution*: Christian Democrats, Napoleonists, and Orleanists (i.e. liberals).

This may sound just an intellectual gimmick; but in fact it provides the most coherent systemic prism for explaining the declining fortunes of the French political right over the past 20 years, since the resignation of General Charles de Gaulle, and it proved to have strong predictive powers in forecasting the defeat of the conservatives in last year's presidential election.

Prime Minister Michel Rocard claims that the old left-right quarrels, over money and religion, are now dead; if so, death was rather recent.

Ever since the Revolution, the French educational system has been a battle-ground of republicans against conservatives, lay people against Catholics; as recently as five years ago a Socialist government fell when it tried to curb the (state-funded) privileges of the "free" (i.e. Catholic) schools; two years ago, a conservative attempt to introduce selective entry to universities brought school pupils on to the streets in their thousands, and the measure was withdrawn.

The biggest reform of the educational system, in the 1880s, was conducted in terms of the symbolism of the Republican Revolution; and it seems inevitable that Republican incantations will again dominate the "revolutionary" reform of the education system which is about to be launched by the Rocard government.

The central problem with celebrating the Revolution is selectivity or compartmentalisation. The late Edgar Faure, briefly major-domo of the bicentenary arrangements, sought to play safe by emphasising the declaration of human rights; he did not emphasise that there were three such declarations, each adapted to the rapidly changing political circumstances.

One declaration may be a triumph of the human spirit; with three, the original solemnity looks dangerously like hypocrisy.

Even if France has now reached a haven of political stability, however, it is hard to deny that the prolonged intervening turbulence, in France and in Europe, must have been part of the legacy of the revolution in its wider sense.

Last year's sudden upsurge of support for Jean-Marie Le Pen and his National Front showed that France was suffering from serious nightmares. The obvious names of the nightmares were immigration and unemployment; but other ghosts, too, were clearly troubling the French: a desperate mixture of hope and fear linked to the single European market, the Algerian war, the fall of France and the Vichy syndrome, 130 years of conflicts with Germany. François Furet's new history of the revolution takes the narrative up to 1880; if that is not an eloquent comment from a man who says the revolution is over, I do not know what would be.

Some French academics wonder wistfully why the English Revolution in the 17th century passed off so much more smoothly than the French in the 18th; yet there is no great mystery. Charles I was condemned by an established parliament, Louis XVI by an assembly in the throes of wild and perpetual improvisation.

Inevitably, improvisation leads to more improvisation, much more naturally than to any consensus on institutional stability. In this case it led to three revolutions, a directorate and a consulate, a restoration and a monarchy, two empires, and five republics, etc.

In the past, French Marxists have been able to glide over these problems, because they could revere the French Revolution as the precursor of the Russian. Such a simple dialectic now looks much more problematic under the assaults of perestroika and glasnost.

Mr Gorbachev's revisionism does not yet put in question the legacy of Lenin; but his attempts to make Russia a more advanced country have far-reaching implications for the orthodoxy of the past. If his reforms succeed, they will cause serious difficulties for anyone who wants to believe in the unsullied virtues of any revolution, even the French.

Bagnoli: more symbol than steel plant

WHEN IT was built at the turn of the century the Bagnoli steelworks stood outside the city of Naples, glowering smokily at the northern end of its glorious bay.

Urban growth has since engulfed the plant, physically attaching it to the city's heart and generating such an emotional strength that most commercial and industrial activity in Naples stopped for a few hours yesterday for the fourth time in five years "in defence" of Bagnoli.

Rarely has any factory anywhere acquired a symbolic identity so out of proportion to its economic or social value.

In Naples, Bagnoli stands for years of bad judgments and broken promises by the central government in Rome; in Italy as a whole it is the symbol of L13,000bn (£5.5bn) consumed over the past eight years by an inefficient and badly managed public steel industry; in Brussels, it is the monument to the domestic political fudges in Italy which so often put in question Italy's reliability as a European Community partner.

John Wyles reports on a plant which Italians, for differing reasons, do not want to close

Successive Italian governments have made a mess of Bagnoli. In the late 1970s when the EC's structural surplus of steel capacity was clearly emerging, Rome was still developing the national steel industry as a vehicle for economic development in the Mezzogiorno.

Plans for a new integrated plant at Gioa Tauro in Calabria were eventually abandoned, but a hesitant and qualified EC blessing was secured for redevelopment at Bagnoli based on the installation of two new blast furnaces and the construction of a modern rolling mill for the production of hot rolled coils.

To Italian governments the social imperatives of the L600bn plan appeared overwhelming. Bagnoli was employing around 7,800 people in crumbling, poor, deprived Naples.

The trade unions were united in insisting that the Neapolitan economy could not stand the shock of closure, so workers were laid off on nearly full pay for more than a year while the plant was redeveloped and then re-opened in mid-1984.

But, from its first days, the "new" Bagnoli was a suitable candidate for permanent closure. Italy was bringing up the rear in the programme of EC steel restructuring and as part of its insistence that Rome close 5.8m tonnes of capacity, only one of Bagnoli's new furnaces was allowed to operate.

Hence its designation by experts inside and outside Finsider, the state steel company, as "structurally uncompetitive." The losses have consequently piled up: L156bn in 1986 and L200bn in 1987. But even as employment at the plant has dwindled to around 3,000, the Government still refuses to contemplate closure.

The profitable parts of Finsider have now been grouped into a new company, Ilva, which rightly regards Bagnoli as a "political" plant, not an industrial one. Having rejected the idea of closure, the present government failed, none the less, to carry its view in Brussels that the future of the melting shop should be left open at least until June 30.

This was partly because the minister in charge of the negotiations with the European Commission and other member states, Mr Carlo Fracanzani, clearly did not believe in the case for retaining steelmaking, despite the 2,400 jobs at stake.

Mr Fracanzani's mistake, however, was not to prepare public opinion or his colleagues for last month's Commission decision that the melting shop should close at the end of June. Mr Pietro Lezzi, the Mayor of Naples, said yesterday that its closure would leave the rolling mill so clearly uneconomic that Bagnoli would be condemned to a "slow death."

The Deputy Prime Minister, the Socialist Mr Gianni De Michelis, has now legitimised the union campaign to preserve Bagnoli as it is by inventing the doctrine that the decision on the melting shop belongs to Rome and will be taken on the basis of whether it would be economic to retain it.

This is now being examined by a joint union-management committee at Ilva. But few experts believe that Bagnoli can operate profitably without further substantial investment because its costs are significantly higher than French or West German competition.

Nevertheless, the 10,000 workers who filed through Naples yesterday are at one with Mayor Lezzi in believing that Italy must make the Commission and its EC partners think again.

Which is what the Government will probably try to do. All Italian parties have their eyes firmly fixed on June's elections to the European Parliament, and with the opposition Communist party firmly behind Bagnoli's workers, neither the Christian Democrats nor the Socialists look likely in the meantime to find the political courage to confront the unions on this or any other major issue.

Bulgaria relaxes the reins

By Judy Dempsey in Vienna

THE BULGARIAN authorities, grappling with a series of hastily drawn-up economic reforms, have announced a sweeping change in the organisation of enterprises aimed at weakening the role of central planning and introducing small, privately-run companies.

The new decree, published in Sofia earlier this week, is designed to give enterprises more autonomy. It also appears to allow managers to issue bonds and shares.

In addition, the authorities, in what is considered an important re-think on the running of the economy, will allow individuals to set up their own private companies, provided they no more than 10 people.

These new enterprises will be free to set their own prices "in accordance with prices on the international market."

The decree also loosens the grip of the Foreign Trade Ministry, giving enterprises the right to carry our foreign economic relations "independently."

OVERSEAS NEWS

Vietnam, Thailand mend their relationship

THE DIPLOMATIC momentum towards resolution of the Kampuchean conflict increased again yesterday with Thailand and Vietnam declaring an end to a decade of mutual recriminations and Prince Norodom Sihanouk, the former Kampuchean monarch, dropping two important objections to a settlement, Agencies report.

In Bangkok Mr Nguyen Co Thach, Vietnam's Foreign Minister, beaming after two days of talks, said of Mr Siddhi Savetsila, the Thai Foreign Minister: "He is my elder brother. We have had very useful talks." Mr Siddhi said that Thailand would be willing to take part in the reconstruction of Vietnam once the Kampuchean issue had settled.

Referring to the plan for Vietnam to pull out all its forces out of Kampuchea by September if a political solution is reached, he said: "I think after September everything will be all right" in bilateral relations.

In Paris, Prince Sihanouk has dropped two conditions from his five-point peace plan for the country during meetings with Asian foreign ministers this week.

He has withdrawn his demand that an international peacekeeping force be stationed in Kampuchea after the rival factions make peace – he will now accept an enlarged international control committee in its place. He has also abandoned his condition that the Vietnam-backed government in Kampuchea be dismantled before a provisional peacetime government could be set up.

He has, too, reversed his call for President Suharto of Indonesia to postpone talks between the warring Kampuchean factions in Jakarta next month and now says he will attend.

Prince Sihanouk has been meeting Mr Sosuke Uno, the Japanese Foreign Minister, Mr Ali Alatass, the Indonesian Foreign Minister and Mr Qien Qichen the Chinese Foreign Minister, all of whom have been in Paris for the international conference on banning chemical weapons.

The impetus for the present flurry of diplomacy on Kampuchea came from a meeting in Moscow last month between the Chinese and Soviet foreign ministers. Moscow is the main backer of the Vietnamese occupation and of Hun Sen's regime, installed in Phnom Penh after the invasion in 1978, while Peking has supported the Khmer Rouge

Robin Pauley, *Asia Editor*, writes: All parties to the Kampuchean conflict are slowly responding to pressure from China and the Soviet Union, both of which are determined to see the dispute concluded. Moscow, tired of the cost of backing the occupation, is forcing the Vietnamese withdrawal.

The Chinese, for their part, are tired of the harm done to their international image by backing for Pol Pot's Khmer Rouge which massacred millions in the four years before the invasion.

Prince Sihanouk has turned into an unpredictable maverick, sometimes initiating peace talks and other times scuppering them. His latest concessions represent another abrupt switch from a rigid position, partly under pressure from China but also partly because of his own strategic manoeuvring to ensure that he is Kampuchea's next leader.

Although he remains the most likely leader and the only one with any credible chance of holding the warring factions of Kampuchea together the peace process of recent months has greatly enhanced the international standing of Hun Sen, whose government celebrated 10 years in power last Saturday.

Dakar rally circus leaves a nasty taste in Timbuktu

Paul Betts reports on an annual 24 hours of Western bustle at a decaying outpost of the desert

THIS may be the 20th century, but two desert caravans still arrive once a year at Timbuktu.

One has been coming for centuries, bringing on the back of a few camels some bars of salt mined 600 miles away in the Sahara at Taoudeni.

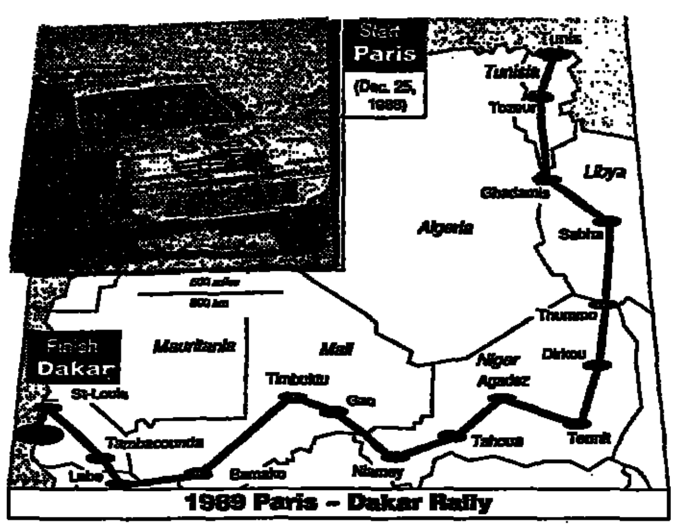
The other is a much more recent and noisy convoy which has roared through the city for the past 11 years, bringing very briefly to this dusty and decaying outpost on the fringe of the desert all the hustle and bustle of the Western world.

The Paris-Dakar car rally arrived in Timbuktu on Sunday and was already gone on Monday. For 24 hours, souped-up prototypes lifted clouds of dust in the sandy tracks between the tiny airport and the two hotels in the city.

More than 30 small aircraft descended on the airport, converting it into a jet-set camping ground, giving the Tuaregs and the other local inhabitants a taste of the Riviera at the height of the summer season.

Under the Michelin Beachcraft, people were serving Chateauneuf du Pape with dinner. Manicured blondes in white jump suits plastered with the names and symbols of oil, motor and electronic companies fussed around the drivers with plates of noodles in the Peugeot compound.

Virtually the entire local population also seemed to be there, offering for sale souvenirs and cans of Coca Cola saved from last year's rally.



1989 Paris – Dakar Rally

When the last aircraft and the last car had gone on Monday, the airport looked like a huge garbage tip. The prices of souvenirs suddenly tumbled and the locals wandered round rummaging through the rubbish for empty bottles and broken bits of metal and plastic.

In its 11 years, the Paris-Dakar rally, followed by a posse of 200 journalists and photographers, has always provoked controversy. Even participants sometimes grudgingly acknowledge that there is something obscene about the race. "You can't help thinking that there is something wrong. The contrast between this multi-million-dollar circus and these starving countries is an exercise in bad taste," said one French participant. "But it is still one of the most exciting and adventurous races in the world."

There was indeed a feeling in the Timbuktu caravan that the Paris-Dakar was beginning to lose some of its lustre as the big professional teams take over the race.

Peugeot, for example, decided in Timbuktu to toss a coin between its two leading drivers to decide which would cross first the finishing line in Dakar this week. The controversial decision was taken to prevent the two drivers, Ari Vartanen and Jacky Ickx, from competing too viciously and risk smashing one of the cars. "Our main purpose is to make sure that there are two or three Peugeots in the top three at Dakar," was the explanation of a Peugeot official.

"You can't really blame the car companies, but it is a shame," admitted Mr Gilbert Sabine, the rally organiser. As for all the ethical criticisms, he emphasised that the African countries were keen for the race to go through their towns.

"It's the most important event of the year for us," said the driver of the bush taxi, a battered Peugeot 404 pick-up truck, bumping past the dusty poster outside Timbuktu welcoming visitors to "the black pearl of the desert". "This rally is good for us", said Mr Alassane Dicko, the secretary-general of the Timbuktu town hall, in his cool office overlooking a tiny vegetable plot in the sand.

Timbuktu is a key rally stop. "If you haven't reached Timbuktu, you haven't really succeeded in the race," added Mr Dicko.

But little is left of the golden days of the city when it was a thriving cosmopolitan centre, sacred to learning and a hub for desert commerce. Drought and desertification have reduced trade to the one big salt caravan a year, the *Azalai*, as well as a little barter conducted by the local tribes in the holy city's three markets.

From a population of more than 100,000 people a century or so ago, there are now barely 20,000 inhabitants, and about 400 people leave each year. Of the universities, only one is left and the Koranic schools are reduced to their most simple expression. Disease is everywhere and the infant mortality rate is 10 times that of France.

The city suffers from a chronic shortage of water, even though the last year has seen one of the best rainfalls for several years. The monuments and buildings are crumbling. The house of René Caillie – the explorer who first established lasting ties between France and Timbuktu – has fallen to pieces, paradoxically, because of the recent rains.

However, each year when the Paris-Dakar circus comes to town, Timbuktu for a brief 24 hours relives some of the bustle of its past. It does not last long and it leaves a rather nasty taste in the mouth. But as the young black man who sold me an old pot for FFr 20, the equivalent of nearly one week's wages, said: "It helps us do good business."

Hyundai in row about attacks on unionists

By Maggie Ford in Seoul

THE HYUNDAI business group, one of South Korea's top four companies, is embroiled in a second big row over its labour practices following a violent attack on trade unionists at its shipbuilding subsidiary.

Mr Han Yoo Dong, executive managing director at the Hyundai Engine plant, was yesterday questioned by police who believe that he may have organised a group of men who attacked the unionists with clubs and pipes. More than 20 workers were hurt, several seriously.

A Korean American had earlier taken the blame for the incident, which involved 30 men who raided a meeting of unionists late at night. Nine other men are under investigation.

The violent attempt at suppressing the Hyundai union follows a three-week strike at the shipyard in December. Several thousand staff are still refusing to return to work.

Last year Hyundai attracted severe criticism when management of its construction company organised the kidnapping of a white collar union leader who was snatched late at night by a gang of men after a meeting with management.

He was held in a remote country village for a week. Several senior executives were later arrested and charged.

A number of other companies have recently used gangs of violent men to break strikes and intimidate workers, including Samsung, the country's largest company, which bans trade unions. The gangs, described as "save the company squads" have also been employed by Motorola, the US semiconductor manufacturer to prevent a union being formed at its Seoul subsidiary.

The International Metalworkers' Federation in Geneva this week sent a strong protest to the Seoul Government about the use of an "arsenal of dirty tricks including lockouts and beatings" to prevent the formation of unions.

The gangs, who are reminiscent of the "save the company squads" used to break unions in Japan after the Second World War, have been especially active in an export processing zone in the south east of the country where many Japanese companies have subsidiaries and joint ventures.

● US soldiers stationed in the South Korean provincial city of Taegu have been warned not to wear *uniforms off the military* base and not to travel alone. The warning follows a minor firebomb attack on an army truck in which one soldier was slightly injured.

STATEMENT NARROWS POLICY GAP WITH PERES

Shamir hints at UN role in Mideast talks

By Andrew Whitley in Jerusalem

MR YITZHAK SHAMIR, the *Israeli Prime Minister, has for* the first time acknowledged a possible role for the United Nations in hosting Middle East peace talks.

In a speech to a delegation of European parliamentarians, the right-wing Israeli leader said that direct negotiations between regional parties to the conflict could take place under the auspices of either the superpowers or the UN. The only condition attached was that the hosts refrain from interfering in the substance of the talks.

Mr Shamir's aides yesterday played down the significance of his words, saying that he still rejected the idea of a UN-sponsored international peace conference. But the statement *does appear to indicate a* significant policy reappraisal by someone who has previously rejected virtually any role for the UN in regional peacemaking, and brings Mr Shamir closer to the positions being *taken by the US, the Soviet* Union and Egypt.

It also narrows the old policy gap with Mr Shimon Peres, *the Labour leader, now serving* under him as Finance Minister.

Western diplomats say the Prime Minister appears to be manoeuvring to regain the initiative from the Palestine Liberation Organisation and simultaneously to soften Israel's rejectionist image abroad. Mr Shamir is due to visit Washington in February, soon after the inauguration of President George Bush, and is clearly anxious to demonstrate flexibility over the stalled Middle East peace process.

Senior Israeli officials have stressed that no comprehensive peace plan has been finalised yet. But the hints of change currently being dropped at regular intervals should be seen as a testing of the waters, both at home and *abroad. Soon after Israel's* November election, Mr Shamir revived the idea of peace talks under the aegis of the two *superpowers. He has also let it* be known that he is prepared to update the 1978 Camp David accords he insists should remain the *basis* of negotiations.

Expanding on the Prime Minister's cryptic remarks about the UN, Mr Yossi Ben-Aharon, a top aide, was quoted yesterday as saying that the way in which the UN helped bring about a ceasefire between Iran and Iraq could serve as a precedent for the Arab/Israeli conflict.

Officials from the Civil Administration, the military government for the occupied territories, and the Defence Ministry are currently engaged in a series of discreet meetings with a *broad spectrum of Pal*estinians from the West Bank and Gaza Strip. These unpublicised talks are being treated as a *sounding board for possible* new steps by Israel, including local elections.

The last municipal elections in the West Bank were held in 1976; but most of the results were subsequently nullified by Israel, which ousted mayors whose political affiliations were too close to the PLO. Gaza has not known elections of any sort since before 1948.

High Court rules against Mossad over press report

By Andrew Whitley

THE Israeli High Court has ruled against the country's military censor and Mossad, its external intelligence service, in a landmark decision which will expand *press* reporting of the previously closed world of national security.

The unlikely hero is a small *Tel Aviv weekly, Ha'ir, which* since last August has been trying to publish an article criticising the near-legendary Mossad *for recent blunders.* The two best known slip-ups – the discovery of false British passports in a telephone booth in West Germany and the exposure of a Mossad spy ring in Britain – led to a year-long break in co-operation between the British and Israeli intelligence services.

Each version of the article was either rejected or badly mutilated by Brigadier General Yitzhak Shani, the chief censor, prompting Ha'ir's editors to take the case to court.

The odds were heavily stacked against the journalists, as the political and judicial establishment has in the past jealously guarded the intelligence community from any *public discussion.*

The Mossad chief at the centre of the row, whose identity cannot be disclosed, was due to *retire soon after nearly seven* years in the post. His original retirement date, last October, was extended to allow the new government to select his successor. Following the High Court ruling, security officials confirmed that the changeover would take place shortly. But the Prime Minister's office took the unusual step of issuing a statement denying any connection between the two events.

Sri Lanka's five-year emergency ends today

By Mervyn de Silva in Colombo

SRI LANKA'S five-year emergency ends today after President Ranasinghe Premadasa said that the improving security situation did not justify its extension.

The emergency laws have to be passed by parliament each month. The former President Junius Jayawardene dissolved parliament on December 20, a day after Mr Premadasa, then Prime Minister, narrowly defeated Mrs Sirimavo Bandaranaike in a bitterly fought *presidential election marred by* violence. Mrs Bandaranaike petitioned the Supreme Court on Monday, appealing to a *five-judge panel to declare the* election null and void.

Post-polls violence has been a familiar phenomenon in the *past 20 years and the* emergency was declared in May 1983 in anticipation of violence at parliamentary by-elections. *It* had to be extended each month after the vicious anti-Tamil riots of July 1983 aggravated Sri Lanka's ethnic conflict, resulting virtually in civil war.

Mr Premadasa, in a reference to the presidential election, said: "The losers were not, repeat not, harmed in any way and I am proud to salute my supporters for the way they celebrated my victory."

Mr Premadasa can re-summon parliament to have the emergency extended but that would be a pointless exercise since elections to a new, enlarged assembly of 225 members will be held on February 15 under a system of proportional representation.

On its December 19 showing the ruling United National Party will be lucky to get 125 seats. But President Premadasa has asked his party organisers to guarantee him 150, or a two-thirds majority. Mr Jayawardene, who had a five-sixths majority, amended the 10-year constitution 15 times to consolidate his authoritarian rule.

While the sabotage and terror campaign of the extremist Sinhalese JVP has visibly subsided, pre-election violence *rather than post-polls disturbances* is now the threat to stability. On Tuesday, a car carrying a top official of Mrs. Bandaranaike's Sri Lanka Freedom Party was ambushed. The SLFP's assistant secretary, Mr Indrapala Abeywira, and *another parliamentary candi*date were killed. In the past week, more than 20 people have been killed in election-related incidents.

Although the stock market has recovered, and tourists are slowly returning, the post-election hopes of peace may prove illusory.

Cuban pullout 'can be verified'

THE commander of the UN observers appointed to monitor the phased withdrawl of Cuban troops from Angola said yesterday he was satisfied he could conduct an independent verification of the departure, despite doubts expressed by South Africa and Unita guerrillas fighting the Angolan Govenment, AP reports from Luanda.

"I think there will be no difficulties in carrying this assignment out," Gen Pericles Ferreira Gomes of Brazil said in response to a question about the ability of the 70 military and 20 civilian observers to *verify independently the num*bers of departing troops.

But he also said the success of the 27-month mission *depended on the "goodwill"* of the Angolan and Cuban governments.

Correction
Air-India

We regret that Gita Piramal's article on Indian Airlines published on January 5 was erroneously illustrated by a photograph of an Air-India Boeing 747. Air-India and Indian Airlines are of course entirely separate organisations and the *article had no reference or* application whatever to Air-India. We would like to take this opportunity of correcting the *record with apologies to Air-In*dia.

Amal militiamen, wearing masks against the cold. The Syrian-backed Shia Amal launched hit-and-run attacks through driving rain and fog yesterday on positions held by the Iran-backed *Shia Hizbollah around the village of Jubah in south Lebanon while waiting for the weather* to allow a full assault. At least 115 people have died in 12 days of bitter fighting.

China's austerity programme fails

CHINA'S four-month austerity *programme has failed to slow* the runaway economy, Reuter writes from Peking.

The Economic Daily said *industrial output in the fourth* quarter grew by 18.8 per cent over the same period during the previous year – the fastest *quarterly growth of 1988* – despite tough measures introduced in September to slow it down. "This high speed growth *is wrong for China,*" the paper said. "It has led to shortages of cash and credit, foreign debt, and serious problems in transport."

The State Statistical Bureau said industrial output rose at a faster rate in December than in November although it was down from more than 20 per cent growth in October.

Industrial production rose to a price-adjusted Yuan 1,214bn (£182bn) in 1988, up 17.7 per cent from the previous year, the China Daily reported, quoting the State Statistical Bureau.

The value of light industrial production rose 19 per cent last year to Yuan 611.8bn, while the output of the country's heavy industry increased 16.4 per cent to Yuan 601.7bn. 1988 was the first year the output of China's light industry outstripped *heavy industrial* production.

China Daily also quoted the Statistical Bureau as saying China's energy production rose 4.8 per cent last year from 1987.

UK to step up aid to refugees in Hong Kong

By John Elliott in Hong Kong

THE UK is to step up its assistance to 25,000 Vietnamese refugees in Hong Kong by giving the United Nations High Commissioner for Refugees an extra £1m to help pay for relief work in addition to an initial £1m pledged last October.

But it is not prepared to increase the total of 1,000 refugees it has offered to take into the UK during the next two or three years.

This was announced in the colony last night by Lord Glenarthur, the UK's Foreign Office junior minister with responsibility for Hong Kong.

He came under attack *from* lobby groups that want the 1,000 figure increased by the UK and others so that all the 15,000 recognised refugees, out of Hong Kong's 25,000 boat-people, are resettled abroad within three years.

He has *also faced questions* on the refusal to give full British passports to the colony's people for use after China regains *sovereignty* in 1997.

This issue has been reopened by Portugal giving European Community passports to 10,000 of its citizens in the neighbouring colony of Macao.

Hong Kong community leaders are angry that, under EC rules, this will give inhabitants of Macao easier access to the UK than they will enjoy after 1997.

Lord Glenarthur said he would raise the issue with the British Government on his return to London although he saw "no prospect of further change."

He thought *one* of the reasons why Portugal had taken a different line was that only 100,000 of Macao's people would qualify to go to Portugal compared with 3.5m Hong Kong people who could qualify on the same basis for UK entry.

Factions fight for advantage in Iran's constitutional debate

The battle between radicals and those who favour an 'open door' policy is out in the open, writes **Kamran Fazel**

WITH seven months to go until crucial presidential elections in Iran, speculation is mounting about possible fundamental changes to the country's administrative system.

The Tehran Times, which generally reflects official views, reported this week that Ayatollah Ruhollah Khomeini, Iran's spiritual leader, had come down in favour of amending the constitution to create a powerful executive presidency. Quoting "reliable sources", an editorial in the newspaper added that Hojatoleslam Ali Akbar Hashemi-Rafsanjani, the powerful parliament speaker, was likely to run for the post provided it was fashioned to his liking.

If the proposed reforms are accepted, it will be an important step towards breaking – or at least overriding – the deadlock between different factions which has prevented the Iranian regime from setting out coherent economic and foreign policies since the end of hostilities with Iraq last summer.

However, the plan to change the constitution – which was approved in its current form by a national referendum in December 1979, less than a year after the Islamic revolution – still faces strong opposition from both ends of the political spectrum within Iran. Conservative clerics fear that it would deprive them of their effective power of veto over legislation, while leading radicals are digging in their heels against an opening-up of the country to foreign investment and trade.

The radicals also have their own potential presidential candidate in the form of Hojatoleslam Mousavi Khoeniha, the Attorney General. He has served Ayatollah Khomeini well and is not to be taken lightly.

Mr Rafsanjani, who is now regarded as the leading pragmatist within the leadership favouring improved ties and more trade with foreign countries, is reported to be demanding that the post of Prime Minister be abolished and that the presidency, assisted by the newly-created post of vice-president, be endowed with sweeping executive powers. Until now, the President has been only one – and not the most powerful – of a number of competing power centres within the regime.

The need for structural change in the Government has been exposed by the effective end of the eight-year Gulf war, and the approach of an era of peacetime reconstruction. During the conflict, Iran's leadership felt compelled to show a united front despite the obvious differences between its various factions.

Rafsanjani: better links with West

Since the ceasefire, however, the split within the regime has become increasingly evident, to the extent that newspapers now talk openly about disagreements between "right-wingers" like Mr Rafsanjani and "left-wingers" who favour increased state control over the economy and oppose increasing Iran's links with the West. Asked by confused followers to settle this rivalry, Ayatollah Khomeini has merely ruled that policy differences are the sign of a healthy society.

For the moment, the advocates of an "open door" policy appear to have the upper hand. They argue that Iran needs foreign investment and technology, and that the Islamic Republic's past surfeits of zeal have unnecessarily alienated countries which could help to provide this.

Changing Iran's image to that of a stable country which could attract investors and lure back the sizeable *number of Iranian experts in exile* is likely to remain a near-impossible task so long as the Government continues to speak with multiple voices.

It is for this reason that people like Mr Rafsanjani appear to have concluded that the system needs to be changed through constitutional reform. The first problem here is that the existing constitution does not provide for such changes.

The other, perhaps more formidable obstacle is the vested interests ranged against constitutional reform, from the left-wingers led by Mr Mir Hussein Mousavi, the Prime Minister, and Mr Ali Akbar Mohtashemi to the conservative clerics.

The latter have much to lose. Under the current system of checks and balances, the more conservative-minded clergy play an important political role through the so-called Council of Guardians, which vets all bills passed by the Majlis (parliament) to ensure that it complies with their interpretation of Islam. In effect, this body has acted as the interpreter, or guardian, of the current constitution. But it has also created a huge legislative bottleneck over the years by blocking *important measures covering such* questions as land reform.

In an attempt to circumvent this problem and settle the underlying ideological dispute, another assembly – known as the Council of Expediencies and composed of senior clerics and government officials – was created in February last year. But to all appearances, the stalemate has continued, and the jockeying for influence has intensified.

Another criticism of the Islamic Republic is the lack of an effective opposition. To remedy this, the Government has decided to implement a bill which provides for an easing of controls on political activity. Although this was originally passed in 1981, it had lain dormant until the authorities announced in December that political parties and societies would be allowed to become active from March.

The Interior Ministry said *on* Monday that 18 parties had applied for official registration, but they apparently do not include the Freedom Movement of Mr *Mehdi Bazargan,* which is the largest currently legal opposition movement.

In the light of the restrictions on *opposition activities* in recent years, it has to be said that a degree of scepticism continues to surround the Government's liberalisation moves. *It* is a sentiment which is scarcely allayed by the prospect of a massive concentration of power in the hands of a future executive *president.*

World Bank shelves vote on Brazilian loan

By Nancy Dunne in Washington

THE World Bank, under fire from the US environmental lobby, has put off indefinitely a vote on a key $500m (£280m) loan to Brazil's energy sector.

The move could jeopardise $600m in additional commercial bank financing promised under Brazil's $5.2bn debt rescheduling accord, activated last September. A $450m co-financing loan from Japan was also contingent on World Bank approval of the sectoral loan.

However, there have been suggestions that the commercial bank loans may be made contingent on other World Bank financings.

World Bank approval of a $500m loan to Electrobras, Brazil's power agency, had been expected last month. However, Mr Peter Riddleberger, a World Bank spokesman, said the loan has been taken off the Bank's calendar and negotiations had foundered over the issue of Brazil's nuclear energy programme.

The World Bank has had an unstated policy of refusing loans to nuclear projects. Brazil's nuclear plants are particularly controversial because of safety concerns and because Brazil has not signed the nuclear non-proliferation treaty, which means its research programme is closed to international inspection.

The energy sector loan was under negotiation for 18 months, Mr Riddleberger said, but it was not until late in the talks that World Bank officials were told that in a government restructuring, Electrobras would be given responsibility for Brazil's nuclear sector.

"We have told them we can't finance a scheme with a nuclear component," Mr Riddleberger said. "We're at an impasse."

On Monday, US Senator Robert Kasten, a Wisconsin Republican, made public a letter written to Mr Barber Conable, World Bank president, warning that approval of the loan would create "a storm of controversy on Capitol Hill and around the world."

The financing, he said, would mean "the unnecessary destruction of thousands of acres of tropical rainforests and displace a commensurate number of people."

Furthermore, he was concerned that support for the loan would in, in effect, reverse the World Bank's policy of refusing support for nuclear projects.

The US Director to the World Bank opposed an earlier loan to Brazil's energy sector because of threats to the environment and concern that the project would not protect thousands of indigenous Indians who were to be moved out of the way of the development.

An aide to Senator Kasten said plans were under way to seek allies among other World Bank directors if the loan were to come to a vote without environmental safeguards.

Concern about Brazil's human rights and environmental policies has been heightened since the murder of Mr Chico Mendes, a union organiser of rubber tappers, in the Amazon last month. A bi-partisan delegation of US senators and congressmen is expected in Brazil tomorrow, where they hope to meet President José Sarney and may visit Mr Mendes's grave.

Disaster puts spotlight on failure of justice

Brazil's criminal law system has broken down almost totally, reports Ivo Dawnay

ON New Year's Day, just 15 minutes after the tourist boat *Bateau Mouche IV* sank off Copacabana bay in Rio de Janeiro with the loss of more than 50 lives, a new law came into force in Brazil requiring all drivers to wear seat belts.

Those few who actually spotted the regulation's announcement in the press most probably simply smiled. It is, after all, the third attempt to introduce a seat-belt law and, as one newspaper delicately put it, "the others did not 'take'."

Despite the furore still raging over the New Year's Eve boating tragedy, which has launched an impassioned hunt for culprits indictable with criminal responsibility, nobody appears to be making the connection between the authorities' persistent failure to apply the law and the public's frequent refusal to take it seriously.

None would deny that for all the pomp and ceremony that surrounds Brazilian judicial processes — not least the recent promulgation of the new constitution — legislation often has a problem getting a grip on the slippery surface of the country's society.

Over the past few weeks, Brazilian law did not "take" for Mr Chico Mendes, the rural workers' leader and ecologist gunned down, despite months of death threats and a full-time police escort.

Nor did it apply too soundly to Petrobras Distribuidors, the state petrol station chain, some of whose senior executives are alleged to have taken vast bribes to channel accounts to grateful banks.

Neither can it be argued that the Brazilian citizen's ambivalent relationship to the laws that govern him is due to a lack of them: the country seems as regulated as any in the developed world. Where the system breaks down is in their application.

All countries have their fair share of legal abuse, whether it be straightforward non-observance, legal but ethically dubious plea-bargaining or barefaced corruption, petty and otherwise. In Brazil, commercial and corporate law or civil tort law, for example, function quite efficiently, if largely in out-of-court negotiated settlements.

But in the criminal law, most especially where it applies to the middle class, the breakdown is almost total. Indeed, it is arguable that systematic bribery and more serious rule-bending has all but privatised the penal system.

In the last two years, the only really prominent figure to see the inside of a cell was a Rio rock star - predictably, for unrepentant drug possession.

Last Sunday, the respected conservative newspaper, O Estado de São Paulo, underlined the point by publishing an average bribe "rate" for a series of offences or services from speeding (£5.60) to more serious problems like the shelving of a tax investigation (negotiable).

Many might have suspected, therefore, that the *Bateau Mouche* disaster would be treated with the same forlorn shrug and a turn of the page. But this has not happened. Instead, the tragedy has become a *cause célèbre*, with public clamour growing for better public safety and genuine accountability.

Unproven allegations have suggested the boat's owners deliberately ignored safety limits and that the navy coastguards took bribes to allow the trip to continue despite protests from the captain that his vessel was overloaded.

Cynics will argue with some justification that, had it been a local workers' ferry that sank, all this would have been different; that it was only because wealthy socialites died that a new "Action for the Citizenry" campaign, demanding the full application of the law, has sprung from the disaster.

But as one, necessarily anonymous, public prosecutor put it: "It may have been the $150-a-head ticket price that has got the ball rolling. But these are the moments when change happens and people see that their power is potentially enormous."

How enormous that power really is will take some time to see. The boat's owners are blaming the naval authorities, while the navy is already contesting the rights of the civil courts to try its personnel. A local poll showed nearly 70 per cent of the Rio public believe that in the end no-one will be found guilty.

This defeatism springs from the knowledge that the chronic ills of the Brazilian judicial system stack the odds against the prosecution. Experienced jurists like Mr Evandro Lins e Silva, a former Supreme Court judge, also point to absurd case loads that often require more than 1,000 judgments a year from many judges.

"Impunity is the result of the disorganisation of the judicial system," he says. "It functions both slowly and badly, and for the poor it doesn't exist at all."

Part of the solution to this may come in the new constitution, which has ordered the creation of a series of small claims and crimes courts to relieve the suffocating mainstream tribunals of some of their burdens. But excessive bureaucracy is still a desperate obstacle.

What the *Bateau Mouche* case has raised more profoundly, perhaps, is a deep-rooted demand in Brazilian society for government to face up to its responsibilities as overseer of its own regulations — another small but crucial step on the road back to democracy.

A less easily digested proposition, however, is that the citizen also has a duty to collaborate — that he cannot expect laws to work, yet ignore or avoid them himself. As one lawyer observed, there were probably some people among the sinking's victims who had bribed themselves a place on the boat.

"In the end the problem is cultural," points out Mr Jose Luiz Bulhoes Pedreira, a distinguished Rio lawyer.

"It will be many years before that really changes."

It may be many years too before the connection between the *Bateau Mouche* case and the "non-take up" of the seat-belt law is made in the average citizen's mind. And more still before courageous campaigners like Mr Mendes can lobby for their rights without fear of the gunman in the night.

The most optimistic Brazilians are now arguing that — however far off that may be — the process seems to have begun at last.

Peru hit by strikes after price rises

By Veronica Baruffati in Lima

A WAVE of labour unrest has hit Peru less than a week after Mr Carlos Rivas Davila, the Finance Minister, announced another devaluation and price increases.

Bankers staged a 24-hour strike yesterday to demand higher minimum wages and the promulgation of a resolution which would give them automatic wage increases every four months.

The private fishing industry based in Paita has come out on strike in protest against the decision of a Lima judge to impose an injunction against moving 50 ships until they pay a total of $100,000 (£56,000).

Over 600,000 civil servants have called for a 24-hour strike today against the economic measures and as a demand for the reappearance of Mr Oscar Delgado Vera, the customs trade union leader who has not been seen since his arrest early last month.

Customs workers have been on strike for almost a month in demand for better wages and working conditions.

Peru's two largest trade union associations, the General Confederation of Peruvian Workers and the Confederation of Peruvian Workers, have called for a two-hour strike tomorrow.

Setback for Central American peace plan

By Tim Coone in Managua

MOVES to regenerate peace efforts in Central America have suffered a new setback, with the latest postponement of the presidential summit due this weekend.

Last-minute efforts to salvage the meeting failed despite urgent calls over presidential hot-lines from Nicaragua and Guatemala to President Oscar Arias of Costa Rica, warning of a possible failure of the regional peace efforts if the summit was once again postponed. Mr Arias none the less refused to reverse his surprise decision to call off the meeting.

President Daniel Ortega of Nicaragua later said: "The winds of war and aggression continue to blow in the region." He sharply criticised Mr Arias for sacrificing the regional peace initiatives "to the strategy of the US State Department or White House."

He said that if the summit failed to take place at a rescheduled date during February, before the El Salvador presidential elections, it was not likely to take place at all.

The timing of the summit, which has been postponed four times during the past year, was important, as it was widely seen as the last chance for the Central American leaders to agree on a common strategy to bring peace to the war-torn region before the new US Administration takes office in Washington on January 20.

The latest postponement, which was strongly opposed by the presidents of Nicaragua, Guatemala and El Salvador, places a question mark over the future of the stalled Esquipulas II peace plan, signed on August 7 1987.

Although no further advances have been made since last June, when the US-backed Contras side-stepped a definitive ceasefire agreement with the Nicaraguan Government and broke off direct talks under US pressure, a precarious peace has reduced the level of military confrontations to 10 per cent of their level in 1987.

In El Salvador, meetings between the Government and the guerrillas have been called off, but a political wing of the FMLN guerrillas has agreed to take part in the presidential elections in March.

In Honduras, President Azcona has agreed in principle to the establishment of a multinational peacekeeping force on the border with Nicaragua to prevent further incursions of the Contras into Nicaragua.

The summit postponement will now give the new Bush Administration a breathing space to push forward its own policy on Central America, which is expected to be revealed during or shortly after Mr Bush's inauguration next week.

Thrifts plan to cut insurance cover attacked

By Anthony Harris in Washington

THE proposal from the Council of Economic Advisers (CEA) for reduced US deposit insurance coverage was disowned late on Tuesday by the US Treasury and denounced by many Congressmen

However Texas Democrat Representative Henry Gonzalez, chairman of the House Banking Committee, refused to close the door on the idea, though he said that it required careful study.

Mr Nicholas Brady, the Treasury Secretary, in an unusual display of public dissent within the Administration, said reduced insurance cover was "not an option" and would not be included in the Treasury proposals for the thrift crisis, which should be ready for publication in three weeks.

Several Congressmen reaffirmed their support for 100 per cent cover of deposits up to $100,000, and Rep Henry Schumer, a New York Democrat and a vocal critic of the thrift industry regulators, said he was "appalled" at the Administration's timing.

However, Mr Beryl Sprinkel, CEA chairman, defended his proposals robustly yesterday. "The incentives are wrong," he said in a television interview. "If we do not provide some incentive for prudence, the crisis will simply happen again."

Curbs on debt in leveraged buy-outs likely

By Anthony Harris

SENATOR Lloyd Bentsen, chairman of the Senate Finance Committee, said yesterday he was "deeply concerned" about the excessive use of debt in leveraged buy-outs, and expects his committee to introduce legislation to curb them. The committee has scheduled hearings on leveraged buy-outs for January 24-26.

Mr Bentsen refused to be drawn on the nature of any curbs, saying they required careful study; ill-considered action, he added, might make matters worse. Something must be done, however, to head off the danger that excessive debt would lead to widespread bankruptcies in a future recession, making the downturn difficult to correct.

The committee's main preoccupation would be the budget deficit, and substantial time would also go to trade oversight activities.

● The Business Caucus, a congressional group which normally takes a strong free trade stance, called on the Bush Administration to take an "aggressive" trade posture to open market for US goods.

● Mr Nicholas Brady, the Treasury Secretary, on Tuesday urged the National Economic Commission, the bipartisan body studying the budget deficit, to work to its original dealine of a report by March 1.

WORLD TRADE NEWS

Move to study new US-EC arbitration system for trade

By Ian Davidson in Paris

A NEW SYSTEM of binding arbitration, to handle trade disputes between the US and the European Community, is to be jointly explored by the European and American parliaments.

The idea of a new disputes procedure, inspired by the arbitration provisions of the recent US-Canada trade pact, was put forward by the US side at a regular meeting in Paris this week of delegations from Congress and the European Parliament.

The US proposal is a clear response to the eruption of two recent trade disputes over agriculture between the US and the Community: the crisis in the mid-term review meeting on the Gatt trade liberalisation talks, which broke down in December over the US demand for a commitment that all farm subsidies be abolished, and the quarrel over the European ban on imports of hormone-fed beef.

At their concluding press conference, both delegations went out of their way to play down the real importance of these transatlantic farm trade disputes, and to stress the high degree of harmony between Europe and the US on much more important policy issues.

Mr Tom Lantos, (Democrat, California), chairman of the US team, said the two sides had held "one of our very best meetings", and he dismissed the dispute over hormone-fed beef as "a small family squabble, and a no-win situation", which was much lower down the scale of values than the problem of chemical weapons, debated by government delegations in Paris this week.

He said it was important to keep things in perspective. "Co-operation between Western Europe and the US has never been better, and the West has never been stronger since the end of World War II. The Europeans share our values, and to an overwhelming degree share our policies as well."

The innovative disputes procedure in the US-Canada pact involves the principle of binding arbitration, through a five-judge panel, in place of the multilateral Gatt disputes procedure.

"The Gatt procedure takes too long and does not work very well," said Mr Sam Gibbons, (Democrat, Florida), co-chairman of the US team, after the meeting.

"We need a procedure of decision, not negotiation, and we think the time has come for the US and the EEC to explore the idea of an arbitration procedure."

W Germans to boost export of machinery to Moscow

By Andrew Fisher in Frankfurt

WEST Germany's mechanical engineering industry expects business with the Soviet Union to move up sharply again this year as Moscow planners order goods and machinery needed to make their industries more efficient and competitive.

The German mechanical engineering industry association (VDMA) expects its members' exports to the Soviet Union to jump to around DM4bn (£1.25bn) from almost DM3bn in 1988.

Much of the extra business will go to small and medium-sized companies providing machinery to modernise Soviet factories producing consumer goods such as shoes, furniture, textiles, and food.

Liebherr, the Swiss-owned engineering group which produces in Germany, France and Austria, hopes soon to sign a deal to supply equipment for a new car engine plant to be built near Moscow.

Total value of the project should be around DM1bn, of which 60-70 per cent will go to Western suppliers like Liebherr, which hopes to deliver gear-cutting and machine tools.

Hungarians rush to buy cars in West

By Leslie Colitt in Berlin

ADVERTISEMENTS in Budapest newspapers these days are tempting Hungarians who yearn to buy a car to join a free bus trip to "Europe's biggest and cheapest car market in Munich".

A rush to the West of potential Hungarian car buyers is under way as the result of this month's halving of the customs tariff on most cars to 10 per cent. At the same time, tariffs on imported electronic goods sold in Hungary were lowered to 15 per cent.

In a further bid to tap the hard-currency assets of Hungarians, the government plans to open shops and department stores stocked with Western goods selling for hard currency.

More Hungarians than ever possess Western currency, largely earned from renting rooms and providing other services to foreign visitors.

The government, struggling to service its $16.6bn hard currency debt, has decided that citizens will be allowed to hold twice as much Western currency – the equivalent of Forints 4,000 – at home. They are also being encouraged to make greater use of interest-bearing hard currency accounts offered in Hungary.

In a bid to further liberalise imports from the West, more than 250 products which previously could not be imported without approval may now freely enter Hungary. They represent about 35 per cent of hard-currency imports.

This boom for the consumer flush with hard currency or who earns plenty of forints comes amid what the Hungarian media describes as the "pauperisation" of society. More than 1.9m Hungarians or, 18 per cent of the population, are estimated to be existing below the subsistence level.

The lowering of tariffs on cars is a special case as it will increase the outflow of hard currency. Hungary's Comecon partners, however, are unable to provide anything like the number of cars needed, and pent-up demand has led to waiting times of more than seven years for a car which is paid for in forints.

Newfoundland looks for fresh oil bonanza

David Owen examines a project within the context of previous disappointments

SO-CALLED "megaprojects" have a way of disappointing expectations in heavily fish-dependent Newfoundland, the green, pleasant and windswept land that is Canada's poorest province.

A range of such projects, from the Churchill Falls hydro-electric development in remote Labrador to the recently re-opened Come By Chance oil refinery – once the largest bankruptcy case in Canadian history – have singularly failed to pave the streets with gold, despite the elaborate claims made on their behalf.

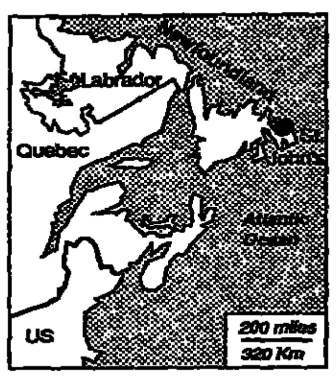
This explains the cynicism with which Newfoundlanders have dubbed "Grow By Chance" a partially government-funded project to cultivate hothouse cucumbers on the island. It also explains why mere mention of the C$8.5bn (£4.1bn) Hibernia offshore oil project was until recently enough to send the average Newfie's eyebrows shooting heavenwards.

The province's meagre 575,000-strong population has been regaled with promises of untold riches from crude oil ever since the 525m-barrel oilfield was discovered to the south-east of the island in 1979 (300 miles north of where the Titanic foundered)

Mr Brian Peckford, the Conservative Premier, has already been re-elected twice on the strength of that promise. After the July signing by the federal and provincial governments and a consortium of five oil companies of a statement of principles to proceed with the project, Mr Peckford will probably attempt the same pledge again before his term expires in April 1990.

Initial reaction to the document, which expects that oil from the project will start to flow in 1995, was accordingly dismissive – (a binding legal agreement is not due to be signed until March). But with Prime Minister Brian Mulroney's Progressive Conservative government, which promised C$2.7bn in grants and loan guarantees, recently re-elected to Ottawa for a second five-year term and Mobil Oil Canada – the consortium leader - promptly calling for tenders on two major contracts, the suspicion is growing that construction may finally get under way.

This is despite the high cost per barrel of the oil which Hibernia would produce. "At $15 in today's dollars, the field is profitable," according to Mr Gordon Gosse, the province's deputy Energy Minister.



Assuming that construction of the concrete gravity base structure and the attendant "topsides" equipment and facilities does proceed, the limited number of construction groups with offshore oil sector expertise in the North Sea and elsewhere could reap a considerable bonanza.

In all, pre-start-up spending is estimated at C$5.2bn. Even if Canadian companies achieve their targeted proportion of 40-50 per cent of overall project costs, that leaves a considerable window for US and overseas service companies and suppliers.

Already, a limited foreign presence is in evidence in the various consortia declared eligible to bid for the two contracts for which Mobil recently called tenders: namely those for the gravity base structure itself and for topsides engineering procurement. Both of these contracts, according to a Mobil Oil Canada will be worth "hundreds of millions" of dollars.

One of two consortia bidding for the base structure includes Norwegian Contractors of Oslo, a unit of Oker which has helped to build similar structures for Mobil in the North Sea. Two of the three groups in contention for the topsides engineering contract also include Norwegian companies, in addition to SBR Offshore, a jointly-owned company belonging to Shawmont Newfoundland of St John's and Brown and Root of Houston.

The bulk of the opportunities for foreign suppliers will come, however, when the respective winners of these two master contracts begin to sub-contract work late next year or early in 1990.

In anticipation, foreign companies are lining up to form joint ventures with local concerns anxious for oil industry expertise, in order to take advantage of procurement guidelines which favour Newfoundland and Canadian entities. "In the past 45 days, we have had two to three people per week from the UK and Norway in our office looking at joint ventures," according to a prominent local businessman.

Mr John Colbourne, co-owner of Basil Fearn, a local distributor of pumps and electric motors, has successfully advertised for would-be collaborators from the Canadian energy sector. He plans shortly to place similar advertisements in Aberdeen newspapers.

As confidence in the project's future grows, the level of foreign interest is on the increase. A Norwegian trade mission recently visited St John's, as did Mr Peter Morrison, Britain's junior Energy Minister. In the next few months British and Dutch trade missions are expected to pass through the area.

HK toymakers at the top again

By John Elliott in Hong Kong

HONG KONG toymakers last year re-established themselves as the world's biggest producers of toys.

They organised exports worth some HK$15bn (£1.1bn) from processing factories in the Pearl River delta area of China, in addition to exporting between HK$9bn and HK$10bn-worth from their own establishments.

The HK$15bn production from Chinese factories alone matches the total HK$14.6bn toy production achieved in 1987 by Taiwan, which had just overtaken Hong Kong for the number one spot.

It establishes China as a significant producer of dolls, plastic animals and other low-technology labour-intensive items.

This has led to fresh confidence among Hong Kong manufacturers who have had to react to sharp drops in sales in the past few years.

Their earlier market winners, such as Cabbage Patch dolls and Teddy Ruxpin, lost popularity as the US market collapsed and major financial problems hit key US customers.

Hong Kong companies have responded by moving their local production up-market and transferring labour-intensive operations to the adjacent cheap labour area of the Pearl Delta in south China's Guangdong Province. There, over 1m people are working in about 12,000 assembly and processing factories for a variety of Hong Kong industries.

A report published yesterday by the Hong Kong Trade Development Council said processing fees paid for each worker to Chinese authorities in Guangdong range from only HK$ 300-1,100 a month, compared with Hong Kong manufacturing workers' monthly pay of HK$4,000. The toy factories are at the bottom end of the Guangdong range of fees.

In the first 10 months of last year, exports of toys made in Hong Kong itself dropped by almost 20 per cent to HK$8.61bn, with an estimated total for the full year of HK$10bn, according to the Trade Council at the opening of the colony's annual toy and games fair yesterday. Toys make up about 5 per cent of the colony's exports.

But the decline was more than offset by re-exports of toys through Hong Kong from China, up by about 75 per cent to HK$12.88bn in the first 10 months.

The total for the full year is estimated at HK$15bn, which brings Hong Kong companies' total toy exports to HK$25bn.

This probably includes some double counting because about HK$1.5bn-worth of exports to China will have included factory supplies.

Israel doubles orders for military exports

By Laura Blumenfeld in Jerusalem

ISRAEL received $2bn (£1.1bn) in military export orders in 1988, twice the amount of the previous year, Mr Yitzhak Rabin, Israel's Defence Minister, has revealed to parliament.

The country's arms export industry is also off to a running start for 1989. In the latest of a series of deals, Israeli military industry officials say the US is close to approving the purchase of Israeli-made anti-radiation drones.

Military experts have estimated that the country's arms sales constitute 1 per cent of the overall world market, a significant sum considering Israel's size.

Lockheed of the US signed an agreement with Israel Aircraft Industries (IAI) this week to develop further and market an Israeli-designed, short-range missile, provided that its 1990 test flight proves successful.

Development of the Arrow – a system designed to neutralise incoming ballistic missiles at high altitudes – is being financed primarily by the US Pentagon, which awarded IAI the $158m contract last July as part of its Strategic Defence Initiative.

IAI, Israel's largest military exporter, has recently stepped up its business with Latin American countries.

Among its 1988 deals was a series of contracts with Chile worth potentially $500m for a package which includes 12 Israeli-powered Kfir fighter aircraft, and a contract with Colombia for the upgrading of French-made Mirage fighters.

Ramta Structure and Systems, a subsidiary of IAI, announced it was about to begin delivery of 400 mine-clearing ploughs worth over $30m to the US Army.

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DIVIDEND NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS FOR COMMON STOCK OF TOSHIBA CORPORATION (FORMERLY TOKYO SHIBAURA ELECTRIC COMPANY) DESIGNATED COUPON NO. 72 (ACTION REQUIRED ON OR PRIOR TO APRIL 30TH 1989)**

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th 1970 among Tokyo Shibaura Electric Company Limited (the "Company"); the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE of a dividend of 4 Yen per share of Common Stock*.

The Dividend on the shares of Common Stock of record on Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received by the Custodian as agent for the Depositary and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 123.50 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, The Federal Republic of Germany, Malaya, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organised thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 20% tax withholding rate has been applied.**

To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the surrender of Coupon No. 72 be accompanied by a properly completed and signed certificate (copies of the form which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residency and trade or business activities in Japan (if applicable) of the holder of Coupon No. 72. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below upon surrender of Coupon No. 72.

DEPOSITARY'S AGENTS

NAME	ADDRESS
Chemical Bank	Frankfurt, Germany
The Bank of Tokyo Limited	London, England
The Bank of Tokyo Limited	Paris, France
The Bank of Tokyo Limited	Brussels, Belgium
The Bank of Tokyo Limited	Frankfurt, Germany
Pierson, Heldring & Pierson	Amsterdam, The Netherlands
Banca Nazionale del Lavoro	Rome, Italy
Banco Nazionale del Lavoro	Milan, Italy
Kredietbank S.A. Luxembourgeoise	Luxembourg

The following table sets forth the amounts payable upon presentation of Coupon No. 72 from the various denominations of Receipts.

Coupon No. 72 Detached from Receipts in the Denomination of:	Dividend Payable (less 15% Japanese withholding tax)	Dividend Payable (less 20% Japanese withholding tax)
1 Depositary Share	$1.17	$1.10
10 Depositary Shares	$11.70	$11.02
20 Depositary Shares	$23.40	$22.02
50 Depositary Shares	$58.51	$55.06
100 Depositary Shares	$117.00	$110.12

Payment in United States Dollars in respect of Coupon No. 72 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the payee with a bank in New York City.

Date: 12.01.89 Chemical Bank, as Depositary, 180 Strand, London WC3R 1EX, England.

* September 30th 1988 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of common stock not entitled to share in such dividend will be without Coupon No. 72 attached.

**Certain holders of Receipts may be entitled upon the fulfilment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, if in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deem appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after April 30th 1989 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupon No. 72.

As a result, persons surrendering Coupon No. 72 after such date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realise such entitlement) to make application to the Company for an additional 5%. Such application may, consistently with the foregoing paragraph, be made through the Depositary.

LEGAL NOTICES

NOTICE OF CREDITORS' MEETING
IN THE MATTER of
SABOL COMPANY LIMITED
and
IN THE MATTER of the Insolvency Act 1986

[illegible]

BRITISH AND OVERSEAS INSURANCE COMPANY LIMITED

[illegible]

PUBLIC NOTICE

SOUTH AUSTRALIA
IN THE SUPREME COURT
No. 2629 of 1988
RE: ESLEA HOLDINGS LIMITED
and
IN THE MATTER of the COMPANIES (SOUTH AUSTRALIA) CODE

[illegible]

UK NEWS

Lloyd's rejects move to scrap unlimited liability

By Nick Bunker

LLOYD'S of London, the insurance market, publicly backed away yesterday from abandoning its 300-year-old system of unlimited liability, but left the door open for possible reforms to make it easier for its 31,000 members to spread their underwriting risks.

Underwriting agents agents, who look after the affairs of the market's 31,000 members, argued that Lloyd's needed to change its practices to allay fears among members that they were facing excessive risks from disasters such as the Piper Alpha explosion in the North Sea at a time when the market's profits were under threat.

The issue was highlighted by resignations of a record 1,700 members of Lloyd's last year, prompted by issues such as fears of big losses from US liability insurance and the erosion of tax advantages of membership.

After a study begun at the end of 1987, the council decided yesterday not to take any steps to scrap unlimited liability, which makes Lloyd's members liable for underwriting losses to the full extent of their personal wealth.

Mr Murray Lawrence, the market's chairman, said unlimited liability was "the unique feature" of Lloyd's which underpinned the financial security of its insurance policies.

The front-runner among schemes suggested by Lloyd's underwriting agents is a system called the Members' Agents' Pooling Arrangement. Under this proposal underwriting agents would pool the total business capacity of the members whose affairs they manage.

The agent would then divide the capacity in the pool between a wide range of syndicates in the market, enabling even members with relatively modest financial resources to balance out investments in high and low risk types of insurance.

Peel pushes London Shop stake to 56% in swoop

By Paul Cheeseright, Property Correspondent

LONDON Shop's defence against a hostile £308m bid from Peel Holdings, and its hopes of rescue by an unspecified white knight, collapsed when Peel moved into the market for the third day running and pushed its stake up to 56 per cent.

In a burst of buying yesterday morning Peel bought just over 20 per cent of the London Shop equity at 340p a share. But the bid will not be declared unconditional until after Peel's share purchases have been verified by the new issues department of Barclays Bank.

Eventual total control of London Shop will change the face of Peel. It will weld a portfolio of shop properties worth £319m on to a retail warehousing an industrial property group with holdings worth, last March, £134m.

Taking into account the expected uplift in the value of Peel's existing portfolio during its current financial year and adding the London Shop portfolio, the combined group would have at the end of next March a net asset value per share of around 400p.

This compares with a closing market price for Peel shares yesterday of 289p and a rights offer price of 200p last December when the group sought to raise £121m to help finance the London Shop bid.

But completing the bid will raise Peel's debts to £300m and give the combined group a debt-equity ratio of 90 per cent.

Although Mr Peter Scott, the Peel managing director, stressed that the London Shop portfolio would not be broken up, he said there would be limited disposals to reduce that gearing level.

Nuclear partnership banks on small being beautiful

David Fishlock looks into the design of a 'passive' reactor

BEHIND the Anglo-American bid for US backing for a new kind of nuclear reactor, announced yesterday, is a belief that a substantial international market will open in the next decade for a smaller reactor with different safety characteristics from today's standard units of about 1,000MW output.

This belief arises from studies by both the US Electric Power Research Institute and the International Atomic Energy Agency. The agency believes that if new markets are to open beyond those nations already using nuclear reactors, they will be for smaller units and preferable designs with new safety characteristics.

The US Department of Energy has invited bids by March for a "passive" reactor design: one which depends mainly on passive features such as natural convection to prevent overheating in an emergency.

This design is expected to be inherently simpler (and therefore cheaper) and less reliant on human operators. Dr Brian Eyre, director of the UK Atomic Energy Authority responsible for its research programmes, says it is not claimed to be safer but must meet different safety criteria from present-day reactors.

Passive reactors are envisaged as smaller than today's standard units, with their relative simplicity making them competitive with the bigger units. The aim of the study would be to bring designs to the stage of certification by the US Nuclear Regulatory Commission, a process taking four or five years.

The passive reactor offers Britain an opportunity to re-enter the international reactor market in the next century. It lost access with its failure to produce a competitive design of gas-cooled reactor.

Privatisation of Britain's electricity supply also opens domestic opportunities, primarily as competition for the prospective National Power Company which will inherit the present reactors. Power Generation, the distribution companies and British Nuclear Fuels are all potential customers for a small reactor design.

BNFL expects the Ministry of Defence to require a new production reactor for tritium and plutonium, to replace its present gas-cooled reactors.

Several reactor vendors have proposed outline designs of small reactors with passive safety features, including Westinghouse Electric and Asea-Atom in Sweden.

In Britain, Rolls-Royce and Associates has been seeking a design which can also take advantage of its experience in building 20 small pressurised water reactors for the Royal Navy. This experience includes factory assembly of the Navy's latest demonstration reactor, PWR2, now operating at Dounreay and destined for the Trident submarines.

Rolls-Royce and Associates is a partnership between Rolls-Royce as majority shareholder and Babcock Energy, part of FKI Babcock. For 30 years, it has been almost exclusively a defence consortium, providing the Navy with a "cradle-to-grave" nuclear engineering service for PWRs.

It has been working for six months with the UK Atomic Energy Authority on SIR, its safe integral reactor, an advanced PWR concept. The essence of SIR is a single steel pressure vessel enveloping the entire nuclear steam supply system.

All the high-pressure parts would be inside this vessel, which would be considerably taller than the pressure vessel for Sizewell B, even though at 300MW it would generate only a quarter of its power.

Dr Eyre says the partners envisage this nuclear package, some 80ft tall, being factory assembled and tested, then lowered complete into a underground silo. In this way, it may be possible to build a nuclear station in only 30 months.

The realities of making a bid for US government backing called for US partners.

EIB advances £80m to Barclays for British industrial ventures

By William Dawkins in Brussels

BARCLAYS BANK is being advanced Ecu123m (£80m) by the European Investment Bank for on-lending to British small and medium sized companies.

This is the first so-called EIB global loan negotiated with a UK clearing bank since 1985, when British demand for industrial lending from the European institution dried up after the Government's withdrawal of exchange rate cover for EIB loans.

The European bank is completing details of similar packages to be announced soon for one or possibly two more British banks.

The funds are available for 15 years in a mixture of currencies and are designed to help industrial and service ventures, including tourism projects in assisted areas. They are identified for projects that improve competitiveness through the introduction of new technology, said the EIB.

Of the package, the equivalent of £50m comes from the EIB's own funds. The remaining £30m comes from the so-called New Community Instrument, whereby the European Commission uses its triple A credit rating to borrow on the finest terms from the world capital markets and passes the cash to the EIB for on-lending to financial intermediaries in member states.

This smaller part of the package is reserved for assisted areas, but the EIB allows its portion to help projects in any region.

Under previous EIB global loans signed this decade, the EIB advanced £24m to 240 small and medium-sized UK businesses, of which £5m was handled by Barclays.

'No' vote may scotch AMP life merger plan

By Nick Bunker

AUSTRALIAN Mutual Provident, the life insurer, could walk away from its plans for a merger with the UK's London Life if the UK company's 66,000 eligible policyholders vote against the deal at a meeting on January 27.

Mr Ian Salmon, general manager of AMP's international operations, said in London yesterday that the meeting "must be the last chance" for London Life's policyholders to approve the union.

He spoke after news that Equitable Life is ready to reopen merger talks with London Life if the forthcoming extraordinary general meeting votes against merging with AMP.

Mr Salmon dismissed Equitable's intervention as an opportunistic move and adding nothing to earlier merger proposals from the Equitable which would have involved scrapping London Life's sales force and branch network.

"The timing is disruptive," Mr Salmon said. "The Equitable is waiting like a vulture to pick over the carcass. They presumably see some advantage in the removal of a competitor, and they have some use for a bigger investment base, but they don't have a lot of use for much else."

AMP is still keen to achieve a merger, especially since it believes that in the long-term London Life will have to find a strong partner. It argues that AMP could add value to London Life by giving it an international investment management network and the resources to build up a UK property portfolio.

Senior officials at the Australian group are becoming exasperated, however, by the way the affair has dragged on amid persistent opposition from some dissident London Life policyholders.

The AMP is already pursuing other international expansion plans, and Mr Salmon flies to New York today for talks about a possible partnership with a US life insurer.

AMP failed yesterday, however, in an attempt to win over Mr Julian Byng, the retired barrister leading the London Life dissidents.

Chemicals output growth 'will slow to half 1988 level'

By Peter Marsh

GROWTH in output from Britain's chemical industry is likely to slow to 3 per cent over the next year, half the level for 1988, said a forecast yesterday from the UK Chemical Industries Association.

Mr Richard Freeman, chairman of the association's forecasting panel, told a London conference that on this basis profits in the industry should show a further rise but be less satisfactory than in 1988.

About half of all chemicals output, which is expected to be about £25bn in the UK over the next 12 months, is sold directly to other production industries, making the sector's sales an important indicator of the strength of manufacturing generally. Big customers for chemicals include the vehicle, consumer-goods and packaging industries.

Mr Freeman, who is chief economist at Imperial Chemical Industries, Britain's biggest chemicals company, said the outlook for 1989 followed two good years for the sector.

After a gloomy start to the 1980s when demand for many chemicals rose slowly, UK chemicals output picked up in 1987 by 9 per cent.

The 6 per cent growth in chemicals production during the past 12 months was better than virtually anyone had expected, said Mr Freeman. His panel forecast a year ago that the figure would be 2 per cent. The good performance during 1988 had been due to the better than anticipated production increases in manufacturing generally.

Mr Freeman said he expected production of pharmaceuticals, plastics and industrial organic chemicals to grow by more than 4 per cent in 1989, reflecting sustained demand.

Growth of 1.5 per cent to 2.5 per cent is forecast for inorganic materials, paints, cosmetics and detergents, while fertilisers and fibres are likely to continue to be problem areas for the chemicals sector. Production of these materials is likely to stay rooted at 1988 levels over the coming year.

The sector is thought likely to sustain a healthy positive trade balance of about £2bn a year. That contrasts to a deficit of more than £11bn for the rest of manufacturing industry.

Mr Freeman said that UK chemical exports were likely to rise by 3.5 per cent in 1989, compared with 5 per cent in 1988. Imports were likely to grow by 4 per cent compared with 7 per cent.

Capel launches index trust using FT indices

By Eric Short

JAMES CAPEL Unit Trust Management, unit trust arm of the James Capel Group, is launching the first index unit trusts to use the FT-Actuaries World Indices as the tracking basis.

The group is launching a Japanese index trust which will track the FT-A World Japan index and a European index trust that will track the FT-A World Europe excluding the UK index.

Dr Namdar Mossaheb, head of JC Quantitive Analysis, pointed out that although there were five separate indices measuring movement in the Japanese stock market, including the Tokyo SE, the FT-World Japan index was the one which reflected the experience of foreign investors in the Japanese market.

He added that there were no problems with this index holding stocks which were not available to overseas investors. Indeed, the FT-Actuaries World indices were specifically designed to reflect the portfolio experiences of overseas investors in a particular equity market.

These new unit trusts will complement the existing Capel US index trust which tracks the Standard and Poor Composite index of the 500 largest US stocks, launched last November.

UK NEWS

Government will protect control of water groups

By Richard Evans and Andrew Hill

THE 10 water authorities in England and Wales are to be protected from takeover by a special Government shareholding for five years after they are privatised later this year.

Mr Nicholas Ridley, Environment Secretary, announcing the "golden share" in a House of Commons statement yesterday, also disclosed that special provisions had been made to monitor water company takeovers involving assets of more than £30m.

In any referral to the Monopolies and Mergers Commission, account would have to be taken of the danger that mergers would reduce comparative competition.

Both provisions will be introduced as amendments to the Water Bill now in its line-by-line committee stage in the Commons, but the much stricter regulations on takeovers will apply immediately. They will not apply to any bids already made, however.

Crucially, the takeover provisions will apply to the 29 statutory water companies as well as to the 10 much larger water authorities once they are privatised in November.

The reason given by Mr Ridley for underlining the powers of the MMC was the need to avoid a concentration of water supply in too few hands.

But the statement on merger policy may have been prompted partly by the possibility of the first hostile bid for a statutory water company from a water authority. This could have forced the Government into more direct action.

Southern Water Authority has been considering counter-bids for three water companies in its area of supply after a court ruling which seemed to open up the possibility of takeovers by authorities.

The Government will also have had in mind the series of water company takeovers by three French water groups.

Statutory water companies, which are already in the private sector, supply 25 per cent of the UK's water alongside the water authorities, which also deal with waste water.

In addition to Mr Ridley's statement, there was a surprise announcement from Mr Peter Walker, Secretary for Wales, that the golden share provision would include even tighter protection for Welsh Water once it is privatised. The new regulations will mean that even at the end of the five-year period, shareholdings by a particular group would be limited to a maximum of 15 per cent and this protection only removed by a vote of 75 per cent of the shareholders.

The special deal follows political in-fighting within Whitehall culminating in a victory for Mr Walker. The water industry is a particularly emotive one in Wales and there have been anxieties about a potential takeover of the privatised authority.

Mr John Cunningham, Opposition environment spokesman, condemned Mr Ridley's proposals, which he said would not provide choice, competition or protection for water consumers. He believed the golden shares were designed to cosset private sector monopolies.

The Opposition immediately queried whether the statement was consistent with Community policy on competition and the free movement of capital.

Thomson bid for Horizon cleared

By Christopher Parkes, Consumer Industries Editor

THE £75m takeover of Horizon Holidays by Thomson Travel was given the all-clear yesterday after a three-month investigation by the Monopolies and Mergers Commission.

The commission discounted claims by rivals in the travel industry that Thomson, now a clear leader in the package holiday trade, charter airline and travel agency businesses, had plans for market domination.

"We do not believe that the merger will sufficiently reduce competition as to cause any adverse effects on price, choice or standards of service in any of these sectors," it concluded.

The market was expanding, and despite strong competition, there was a steady flow of newcomers into the holiday, charter and travel agency businesses.

The commission replied to suggestions that Thomson had already tried to exert pressure on some travel agents by withholding supplies of brochures, by saying that such action would cause Thomson as much damage as the agents concerned.

"But, should Thomson attempt to abuse its position in this way, we believe there is sufficient scope for action under the Fair Trading Act or the Competition Act to safeguard competition," it added.

Mr Keith Webber, marketing director of Redwing, which owns travel companies Sovereign, Enterprise and Sun Med, said the merger could reduce holidaymakers' choice.

He said one area of concern is that the merger of the two companies' airline businesses, Orion and Britannia, gives Thomson a substantial share of the UK charter market and scope to increase prices.

Mr Roger Davies, chief executive of Thomson, told the commission in evidence that about 100 of the 630 jobs at Orion Airways, Horizon's charter flight subsidiary, would be lost. There would also be some impact on staffing levels at Horizon, he said yesterday.

● *Thomson Travel Group and Horizon Travel Ltd, A report on the merger situation. Cm 554. HMSO, £8.90.*

Still room for competition, Page 29

Guinness Peat sued for £1m

By Raymond Hughes, Law Courts Correspondent

SEVEN MEN who were to have formed a new management team for Guinness Mahon, the merchant banking arm of Guinness Peat Group – now GPG – complained to the High Court in London yesterday that they had not been paid £1m due to them when the deal fell through.

The seven, led by Mr Leslie Melville, former chief executive of Enskilda Securities, the Swedish-owned merchant bank, alleged that Guinness Peat had broken a legally binding agreement to pay them £1m compensation for loss of investment opportunity if the deal was not signed by October 31 1987.

Guinness Peat was forced to abandon its plan to bring in the new team, mainly as a result of opposition from a major shareholder, the New Zealand group Equiticorp, which subsequently took Guinness Peat over.

GPG, which hived off Guinness Mahon in a demerger last summer, is opposing the £1m claim. It contends that there was no legally binding agreement to make the payment and that any purported agreement to do so had been made without authority.

In addition to Mr Melville the plaintiffs are Lord Euston, Mr William John Tyne, Lord Ramsay, Mr William Johnston, Mr Andrew Sells and Mr Andrew Stuttaford. Mr Patrick Moorsom, the eighth member of the team, is not suing.

The prospective new management team was approached after Guinness Mahon lost its two most senior executives to British & Commonwealth in April 1987, and eight more top employees two months later.

In their High Court claim the seven are relying on a letter written on August 19 1987, to each of the Melville team by Mr Michael Kerr-Dineen, then Guinness Peat's chief executive. The letter said that the agreement to pay the team £1m was legally binding.

In its defence GPG asserts that Mr Kerr-Dineen had no authority to bind Guinness Peat in the terms of the letter or at all.

GPG also contends that any purported agreement binding Guinness Peat to make the payment "was tantamount to a wholly unjustifiable and gratuitous disposal of Guinness Peat's assets."

The hearing continues.

Abbey plans free share issue to members

By David Barchard and Philip Coggan

ABBEY NATIONAL, yesterday unveiled details of the first stock market flotation by a British building society.

Abbey, the second largest UK building society, is making a free issue of shares to its 5.6m members who will then be invited to invest in a share issue aiming to raise more than £1bn.

The flotation will differ markedly from government privatisation operations and should prove a big boost for the cause of wider share ownership in Britain.

Although some of the 5.5m eligible Abbey National members will also already be among the country's 9m private shareholders, the issue nevertheless should increase the number of individual shareholders by at least 2m to 3m.

Special share dealing arrangements will be set up to enable members to sell their shares if they wish and enable institutional investors to acquire them.

Abbey said yesterday that it was discussing possible share dealing arrangements with three City of London institutions and hoped to be able to make an announcement by Friday this week.

Sir Campbell Adamson, the society's chairman, said that by becoming a company it hoped to free itself from the constraints of building societies legislation and be able to expand by raising capital on the stock market.

The only serious disadvantage, Sir Campbell said, was the possibility of a hostile takeover, although the society would be protected against this for the first five years after flotation.

The flotation will probably be at the end of June. It will need the approval of 75 per cent of those voting, and at least 20 per cent of saving members must vote.

The vote will be the largest private ballot held in Britain with most of the votes being cast by post from March 7 onwards. There will be a special general meeting on April 11.

If the flotation is approved, each qualifying member will receive an identical number of shares – although members will be able to qualify twice if they are both savers and have mortgages from the society. Abbey National's 14,000 staff, other than directors, will have a further entitlement.

Sir Campbell yesterday could not be drawn on the value of the free share issue to individual members. Analysts in the City of London estimate that the maximum gain per member is likely to be around £280, and that the group will have a market capitalisation of about £2.55bn.

However, the potential gain that members receive will depend on the amount of new shares that they choose to buy.

Lex, Page 22; Background, Page 23

M1 crash investigators turn spotlight on engines' electrics

Causes of the disaster remain uncertain, writes Michael Donne

YESTERDAY's recommendation from investigators into the British Midland 737-400 crash that there should be more frequent inspections of CFM-56-3 engines indicates that they are still uncertain precisely what went wrong.

The investigators, from the Department of Transport's Air Accidents Investigation Branch, recommended to the Civil Aviation Authority that such inspections were desirable "until the causes of the engine failure(s) are established."

They also suggested that the CAA ordered examinations of "fire/overheat and vibration monitoring circuitry for left/right engine sense" on not only 737-400 jets, but also earlier 737-300 aircraft. The latter also use CFM-56-3 engines.

The investigators said evidence now obtained "indicated that both No 1 (port, or left) and No 2 (starboard, or right) engines might have suffered a related failure."

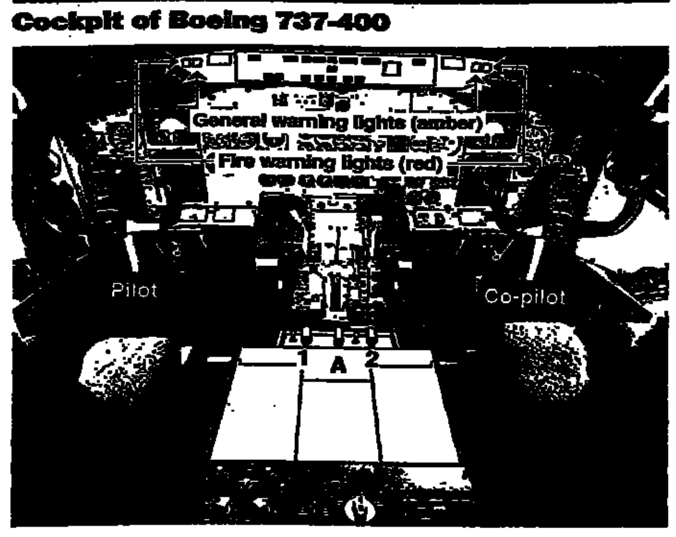
That is the strongest indication yet that the investigating team is leaning towards the theory of a serious malfunction of the electronic systems of the aircraft, affecting both engines. This could have misled the captain and co-pilot into shutting down an engine which was functioning normally.

First studies indicated there was a fire in the port engine, but no evidence of fire or mechanical damage in the starboard engine.

It was the right engine the captain shut down after getting a fire warning on his instrument panel, although passengers reported seeing fire in the left engine.

One of the investigators, said that "the pilot had an engine fire, and the reason the aircraft crashed was because he ended up with the left engine on fire with virtually zero thrust, and the right engine shut down." The investigators said that the reasons for the shut-down of the starboard engine were "not yet clear" and still under investigation.

Cockpit of Boeing 737-400



EXTINGUISHERS: 1.Port engine A.Auxiliary power 2.Starboard engine

They said that "a great deal of significant evidence relating to this engine has yet to be obtained, in particular that from detailed examination of the engine, its warning systems, and detailed evidence from the two pilots."

Pending this, they considered it desirable that the additional safety checks now recommended should be implemented immediately, while stressing the need to keep an open mind because of the lack of evidence.

Thus, the possibility of human error has still not been ruled out – that the crew misread the warning signals, and shut down an engine that was working normally.

However, the theory gaining strength is that the cause of the crash could lie in the aircraft's electronic systems – that a fire warning was wrongly generated in an engine which had nothing wrong with it, perhaps even triggered by a real fire in the other engine which was not registered on the instruments.

There seems little doubt that the crew did receive a fire warning – a flashing light on the instrument panel, accompanied by a ringing bell – and that they carried out the extinguishing drill. This requires the crew to check three red levers on a panel close to their hands and in front of the engine throttles, to see which one is lit, indicating where the fire is. These levers control the fire extinguishers, one for each engine and the other for the auxiliary power unit.

One pilot performs the actions, monitored by the other. These involve closing the throttle on the affected engine or on the auxiliary power unit; cutting its fuel supply with a separate switch; pulling the illuminated red lever to isolate that engine from the aircraft's electrical system, and then twisting that same lever to activate the fire extinguisher. The drill is gone through a second time to ensure that it has been conducted properly.

It is because the chances of human error in such a system are thus reduced to a minimum that so much attention is being concentrated on the possibilities of some electronic system malfunction.

In Brief

Bomb on Lockerbie jet officially confirmed

A baggage container on the Pan Am jumbo jet which crashed on Lockerbie, Scotland last month with the loss of 270 lives, "showed conclusive evidence of a detonating high explosive," according to the first official description of the crash published yesterday, writes Lynton McLain.

The special interim bulletin of the Air Accidents Investigation Branch of the Department of Transport, said explosive residues were positively identified and consistent with the use of a high performance plastic explosive.

Other evidence collected by the AAIB "led to the preliminary conclusion that the explosion took place ... while in the cruise at 31,000 feet and this led directly to the destruction of the aircraft."

UK-Italy crime pact

UK Home Secretary Douglas Hurd and Italian Interior Minister Antonio Gava signed an agreement to step up joint action against terrorism, organised crime and drug trafficking which will include improved security at airports.

House rises stall

House prices rose by just 1 per cent in December 1988 after a rise of 1.7 per cent the preceding month, the Halifax Building Society said.

Yale and Valor chief

Yale and Valor, locks and domestic appliances group, is to appoint Mr Jeoff Samson, head of the General Electric Company's Hotpoint division, as group managing director.

Body Shop prize

Ms Anita Roddick, managing director of Body Shop, the "natural" cosmetics and toiletries chain, has been voted retailer of the year for 1989 in a poll of fellow retailers.

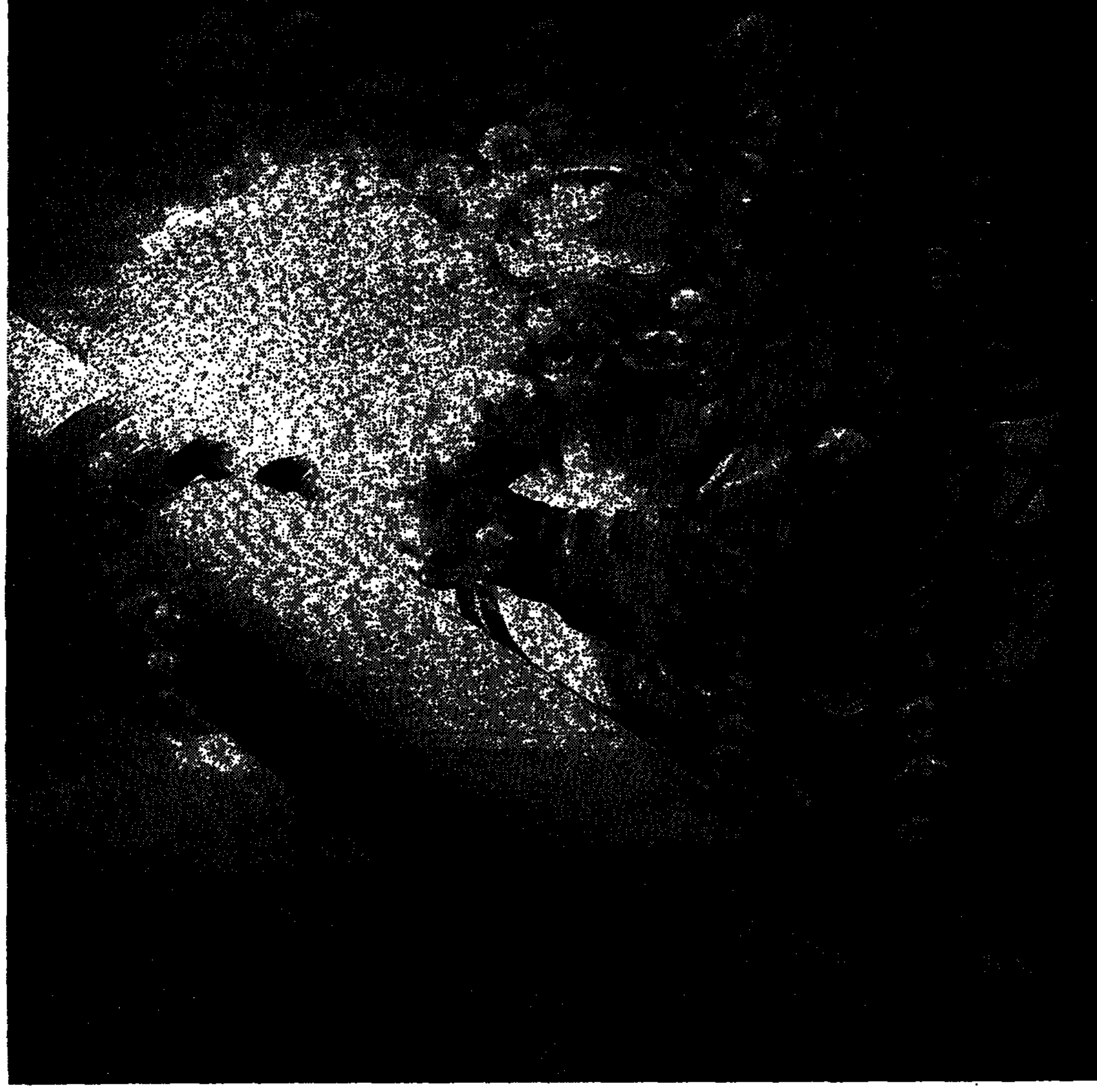
New chief for Renault UK

Mr Loic Caperan, managing director of Renault UK for the past 2½ years, is returning to Paris to become commercial director of Renault France, writes John Griffiths.

He is to be succeeded by Renault UK's financial director, 39-year-old Mr Christian Esteve.

Mr Caperan is succeeding Mr Guy Bergaud, 43, who has been promoted to marketing director of Renault France.

A DIFFERENT VIEW OF EXPLORATION



Energy from beneath the sea is yet another success from this Blue Chip Company, an established market leader in the UK and now in the process of developing significant international interests. Reflecting outstanding technological achievement, the exploration and development of their oil and gas fields demands heavy investment and the Company's oil and gas asset base now exceeds £2 billion. Recent growth is the result of an ambitious acquisition programme demonstrating tough commercial decision-making and sound financial management.

Their highly professional team are committed to continued growth and opportunities now exist for ambitious accountants to play a vital part in this challenging environment.

Group Financial Accountant
To £30,000 + Car + Benefits

As a senior member of the finance management team and leading a department of twelve staff, you will have responsibility for the financial accounting and control systems of all UK Exploration Subsidiaries together with their treasury functions.

A qualified accountant is sought for this position with at least five years experience of oil and gas exploration and development.

Senior Financial Accountant
To £26,000 + Car + Benefits

Reporting to the Group Financial Accountant you will be responsible for the supervision of five accountants in the preparation of financial accounting data for the Company's UK Exploration Subsidiaries. Additional duties include dealing with the implications of changes in legislation and standards as they apply to accounting in the oil and gas industry.

A qualified accountant is required with several years post-qualification experience, preferably gained within the energy industry, coupled with strong technical and communication skills.

Financial Accountant
To £22,000 + Benefits

Working within exploration finance and reporting to the Senior Financial Accountant, you will take charge of all aspects of the day-to-day operation requirements of financial control, including preparation of monthly and annual statutory accounts and the provision of detailed analytical reports for management.

The ideal candidate will be qualified with 1-2 years post-qualification experience, preferably within the upstream energy sector.

Oil Taxation Accountant
To £30,000 + Car + Benefits

As a senior member of the tax section you will be responsible for all aspects of Petroleum Revenue Tax Compliance and Planning for a group of producing fields, in addition to participating in ad-hoc exercises.

Ideally you will have at least five years post qualification experience and be conversant with current tax legislation, particularly oil-related taxes.

Asst. Oil Taxation Accountant
To £24,000 + Benefits

An exciting opportunity exists within the tax section for a young qualified accountant to train in Petroleum Revenue Tax. The role will involve extensive liaison with exploration and production partners as well as working on a wide range of technical issues. Some knowledge of UK oil taxation is desirable but more important is accounting experience in the oil sector.

Asst. Royalties Accountant
To £22,000 + Benefits

Working within the tax section, you will participate fully in the preparation of statutory returns and the provision of information to the Group Taxation Department.

Ideally a newly qualified accountant is required for this interesting post. Previous royalty experience is not essential but you should have some accounting experience, preferably in an oil company environment.

Financial Analyst
To £26,000 + Car + Benefits

Working closely with the technical departments and tax specialists, you will be responsible for the financial appraisal of projects including new investments and developments. Additionally, you will participate in contract negotiations and advise on the financial implications of contract terms.

A qualified accountant with at least five years experience, you should be conversant with project appraisal techniques with particular reference to the industry.

Treasury Accountant
To £22,000 + Benefits

Responsible for a team of five and reporting to the Group Financial Accountant, you will control the treasury functions of the UK subsidiaries handling multi-currency payments totalling some £500 million per annum and the computer input and control of the operation within Financial Accounting.

The ideal candidate will have several relevant years post qualifying experience within the oil industry, coupled with good communication and supervisory skills.

Management Accountants
To £22,000 + Benefits

Interesting opportunities [illegible] management accounting [illegible] both technical and corporate management.

If you are interested in discussing further any of these positions and are prepared to [illegible] contact [illegible] Collette Harrison, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH, quoting ref. M110. Full confidentiality is assured. Tel: 01-831 2000.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

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Financial Controller

Growth through acquisitions
West Sussex
c£27,000 + car + benefits

Following the successful development of a highly regarded range of medical and diagnostic equipment the company, a subsidiary of a substantial Plc, is set for rapid expansion. Growth will be both organic and through acquisitions. A Financial Controller is to be appointed to develop the finance function in line with this planned growth and to contribute fully on strategic issues.

This is a challenging opportunity to establish a small but strong financial function. *Key areas will be* the development of financial management information systems, costing systems reviews and their implementation, budgets and forecasts. As head of the finance function the role will be to play a major part in the development of overall business strategy which will include an active programme of acquisitions.

The ideal candidate will be a qualified accountant who has a successful record in financial *management in fast growing* manufacturing environments. A high level of commercial awareness combined with a strong 'hands-on' approach plus the drive and potential to be promoted to the Board are all essential requirements.

Please send a full CV to Christopher Bainton quoting reference MCS/2029 to:
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

FINANCE MANAGER

Central London **c£25,000 + car**

With turnover expected to double to £20 million this year our client, a recently launched public company with varied interests in property and construction, has recognised the need to strengthen its financial management.

Working closely with senior management and supervising a small department you will be given a *free hand to improve controls, develop management reporting and introduce more sophisticated* computerised accounting systems and packages.

Key attributes will be flexibility and adaptability in a dynamic environment. You should be a qualified accountant, probably in your mid 20s, with keen commercial sense that will enable you to take early responsibility and to develop your career in line with the company and its associated group's expansion plans.

Please write to John P. Sleigh FCCA enclosing full career/salary details and daytime telephone number quoting reference J/789/FF.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

LLOYD MANAGEMENT

Develop Commercial Skills – Retail Giant

c£25k + car ***London's West End***

Newly/Recently Qualified Accountant

Part of a highly acquisitive £1 billion t/o group, our client, one of the high street's most famous names, continues to enjoy increased market share. The company consists of a small number of product-based business units, each with its own management team, wholly responsible for determining strategy and ensuring the units' overall commercial success.

A young qualified accountant is now sought to become a member of one of these management teams and, play a key role in the financial control of a c.£100 million business unit. Supported by, and reporting directly to the Board, you will work closely with merchandisers and marketeers at corporate level. This is a front-end, high profile role that will directly influence "what's on the shelf". You will therefore have the opportunity to *develop both real commercial flair and the ability to quickly assess the financial implications of business* decisions.

A structured career path ensures that as your experience grows over the next two years, so does your exposure, thereby opening up numerous opportunities throughout the organisation, either within financial or *commercial management.*

Please contact ANDREW FISHER on 01 404 3155 at ALDERWICK PEACHELL AND PARTNERS LTD, Accountancy and Financial Recruitment, 125 High Holborn, London, WC1V 6QA.

Alderwick and Peachell PARTNERS LTD

Financial Controller

MANCHESTER, up to £30,000 (package) + Car

The UK *sales and marketing* company of a major computer manufacturer has recently been restructured into a number of *business units focussing on key* industry sectors. An integral part of this strategy is the parallel development of "third-party" sales and the reorganisation has necessitated the recruitment of a financial controller of this rapidly-*developing business activity.*

Responsible for a staff of up to twenty, your prime role will be to provide commercial and financial management and advice to both internal business units and third parties, in order to facilitate the *mutual growth of trade and* achievement of corporate objectives. You will also be expected to make a major contribution to the strategic *development of third party business* and to implement the financial and commercial aspects of this strategy.

You *must* possess an understanding of the financial structure and organisation of small businesses and are likely to have had broad-based financial and management experience. You will probably be a *qualified accountant* in your early to mid thirties and a commercial awareness of sales and marketing activities would be an advantage. Relevant experience could have been gained within a business services unit of a major firm of accountants. There are excellent prospects for career development within the company and its parent.

Résumés, with daytime telephone number and current salary, should be *sent to* Peter Jones, Coopers and Lybrand Executive Resourcing Limited, Abacus Court, 6 Minshull Street, Manchester, M1 3ED, Ref. P162.

Executive Resourcing
Coopers & Lybrand

MANCHESTER BUILDING SOCIETY

CHIEF FINANCIAL OFFICER/ SECRETARY

The position of Chief Financial Officer/Secretary to a well established Society based in Manchester city centre will become vacant early in 1989. The Society has assets exceeding £38M and a nationwide network of agencies servicing both the investment and mortgage requirements of its customers.

The successful applicant will be a Chartered Accountant, Chartered Secretary or hold other relevant professional qualifications, and have previous experience in the Financial Services sector. This position is next in seniority to the General Manager and includes responsibility to the Board for:

★ Ensuring due compliance by the Society with its legal responsibilities
★ Supervising all aspects of the financial functions of the Society.
★ Overseeing and controlling the general administration of the Society, including staff training and personnel matters.

The attractive remuneration package includes:
★ The provision of a car ★ Contributory Pension Scheme
★ Private Health Insurance ★ Staff Mortgage.

Applicants should submit a comprehensive c.v. to:
MR D BARRON, General Manager, Manchester Building Society, 18–20 Bridge Street, Manchester M3 3BU.
Marked: STRICTLY PRIVATE & CONFIDENTIAL

MANCHESTER BUILDING SOCIETY

NORTH EAST LONDON POLYTECHNIC

MANAGEMENT ACCOUNTANT

c.£25,000

To meet the challenge of the move to corporate status on 1st April 1989, the Polytechnic requires a Management Accountant within the Finance Directorate.

The post involves the development of strategic and operational plans, budgets and forecasts, and the ideal candidate will be a CCAB qualified accountant with a minimum of two years' good management accounting experience in a sophisticated, dynamic organisation.

The Polytechnic has recently purchased a new computer with an Oracle relational data base and integrated financial system.

The post is located at the Polytechnic's Barking Precinct in Longbridge Road, Dagenham. Relocation expenses to a maximum of £3,000 will be paid if appropriate.

The Polytechnic is an Equal Opportunities Employer.

Application forms from the Personnel Department, North East London Polytechnic, Romford Road, London E15 4LZ. Telephone 01-590 7722 ... to be returned to the same address. Closing date 26th January 1989.

Ref. 57/N/88

A direct line to the executive shortlist

Landseer House, 19 Charing Cross Road, London WC2H 0ES.

A member of the Career Development & Outplacement Division

FOR ACCOUNTANTS

CORE INTERNATIONAL (U.K.) LTD. FINANCIAL ACCOUNTANT

CORE International (U.K.) Ltd is a subsidiary of a U.S. international high-tec company. The company requires a qualified accountant (C.M.A., C.A., C.C.A) to head its' developing European financial organization.

The successful candidate will be responsible for the management of the accounting and financial reporting requirements together with those of the companys' French subsidiary.

Experience in a distribution styled company would be advantageous as would the ability to speak French. Salary will be commensurate with experience.

Please reply to: Core International (UK) Ltd, John Scott House, Bracknell, Berkshire RG12 1JB or call 0344 861776 to speak to Debra Manning

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FINANCIAL CONTROLLER

To join international company with a worldwide turnover in excess of $250m. Proven professional skills should be accompanied by definite commercial ability to assist in the performance and the decisions of a small management team. The remuneration package will be tailored to an individual seeking a career where their rewards will be related to performance.

Write Box A1089, Financial Times, 10 Cannon Street, London EC4P 4BY

AMERICAN BANK

2 ACAs "Big 8" Qualified to £25,000 + mortgage subsidy + profit share

One newly-qualified ACA is required for challenging position within the Project Team of a prime American bank. Another, more experienced ACA, is required as a Team Leader in the same area. They are high profile roles, the successful candidates will possess excellent interpersonal skills and relate well to senior management. Initiative and self-motivation are essential.

Candidates, mid 20s to early 30s, should have "Big Eight" experience and enjoy front line responsibility.

Please contact Shelagh Arnell on 01-583-1661 or send cv to her in confidence, ASB INTERNATIONAL RECRUITMENT, 50 Fleet Street, London EC4Y 1BE
(part of ANGEL INTERNATIONAL RECRUITMENT)

FINANCIAL CONTROLLER CROYDON

c£28,000 + CAR + IMMEDIATE CONCESSIONARY MORTGAGE

Worth Your Weight In GOLD?

Birmingham Midshires, through the development of its Mortgage Management subsidiary, now has the opportunity to provide additional financial services. By utilising bulk funding through foreign banks, the company is able to develop a wide range of new mortgage business.

This is your 24 carat opportunity. An opportunity to join the management team and make a significant contribution to the development of this highly visible operation.

You will be responsible for effective financial control over all aspects of the business – ensuring standards required by the Society, principal lenders as well as regulatory and statutory bodies, are more than satisfied.

A qualified Accountant/Chartered Secretary, you need a broad business knowledge of the Financial Services industry. Detailed exposure to Building Society finance and mortgage practice, supported by extensive commercial experience is of equal importance.

If your initiative and business acumen can make you our most valuable asset, we are offering a salary of £28K, immediate concessionary mortgage facility plus all the opportunity to advance your career, with one of Britain's most progressive Building Societies.

Write, with career details, to:

Birmingham Midshires Building Society

Alan Lawson . . .
Birmingham Midshires Building Society
5 Brighton Road, South Croydon,
CR2 6YY, Tel: 01-680-3322.

FINANCE MANAGER – DESIGNATE

North-West
Package up to £30,000

OUR CLIENT is an autonomous subsidiary of a large international group, manufacturing in the chemical process industry. The company employs over 700 and has a turnover in excess of £130m.

Following a recent restructure, the company wish to appoint an experienced accountant to be responsible for the financial and management accounts, cash flow and all statutory requirements. You will also be involved in providing financial management information to the Board, and monitoring the company's financial performance. Initially reporting to the Finance Manager, you will assume his role on his impending retirement. The Finance Manager reports directly to the Financial Director and deputises for him in his absence.

To apply you should be aged 30+ and have an ACA or FCA qualification. Ideally you should have a professional background, coupled with experience in a manufacturing environment. An ability to present formally and communicate at all levels is essential. This senior position will make a positive impact on company performance.

The company offer excellent career prospects along with an attractive remuneration package up to £30,000 together with the normal large company benefits plus relocation assistance where applicable.

To apply please send full career details, together with current salary, or telephone for an application form to: Tim Smith, Ref: 2859/TMS/FT, PA Consulting Group, 4th Floor, Fountain Court, 68 Fountain Street, Manchester M2 2FE. Tel: 061-236 4531.

PA Consulting Group
HUMAN RESOURCES
Creating Business Advantage

EAST ANGLIA

Schlumberger Industries Electricity Management are world leaders in the manufacture of electronic measurement and control equipment. Their technological lead will be strengthened by new products currently in the design stage and a recent investment of £10 million in a new site employing robotic manufacturing techniques will ensure production efficiency well into the 1990s.

A recent acquisition and sustained impressive growth have resulted in the following career opportunities:

Schlumberger

Chief Accountant

c£24,000+excellent benefits package+relocation

A highly visible role for a qualified achiever leading a professional team and controlling day-to-day financial aspects of the company. You will gain invaluable experience in the following areas:

★ Involvement in acquisition/divestment decision making
★ Controlling reporting of UK operations to European Group Headquarters
★ Overseeing the setting up of new costing systems in a green field site.

Financial Accountant

c£20,000+excellent benefits package+relocation

A newly created role for a finalist or newly qualified accountant. Develop your skills in the following areas:

★ Preparation of consolidated accounts for UK multi currency operations
★ Designing and implementing a computerised costing system for a new manufacturing operation
★ Controlling a team of 5 staff

Both posts offer the first rate career path for which Schlumberger is renowned.

For further information contact: Accountancy Personnel, 56 Museum Street, Ipswich, Suffolk IP1 1JQ. 0473 216066.

Accountancy Personnel
Placing Accountants First
Hays
A HAYS PERSONNEL SERVICES LIMITED COMPANY

Hoggett Bowers

Finance Director

Television And Telecommunications
West Midlands, To £45,000, Share Options, Car

The group is the UK's leading independent cable television operator with an unrivalled reputation for providing quality of product and service, to domestic and business subscribers. It has recently been awarded a new franchise which is the second largest in Europe. With the financial backing secured and work on an eight year construction programme due to begin in April, this newly created role is seen as vital in ensuring the successful formation of the franchise operating company. Reporting to the managing director, you will provide the financial expertise required, not only in the formation of the new company, but also in all negotiations with contractors, suppliers, officials and associated bodies. Responsibilities will include direction of all finance and accounting matters, strategy, planning and budgeting. An early priority will be the installation of the computerised accounting and subscriber billing system. The initial brief however, will also encompass wide ranging responsibilities outside of the traditional financial parameters. A qualified accountant, aged 35-45, you must have achieved a senior finance position, ideally in a service industry. Your career will have been with significant companies where first class business disciplines applied. Product quality and customer service remain the key to success and experience in an environment with similar values is essential. Prospects are excellent for ambitious, committed individuals, who wish to further their careers significantly.

C. Jenkins, Hoggett Bowers plc, *George V Place, 4 Thames Avenue,*
WINDSOR, *SL4 1QP*, 0753-850851, Fax: 0753-853339. *Ref: W19013/FT.*

Group Financial Controller

Building Services
South West England, c £35,000, Share Options, Car

This is a first class career opportunity to make a positive contribution to the growth, development and profitability of a well established private company. The company is already a UK market leader and turnover is expected to hit £100 million by the end of 1990. Running a head office team of 25, your main responsibilities will include the day to day control of the finance function ensuring procedures and reporting requirements are met. Special emphasis is being placed on the development of strong financial controls and the implementation of a new computer system. Candidates, aged 30 to 40, will be chartered accountants with a proven track record of achievement in financial control and systems development. Inter-personal and communication skills will have to be of the highest order.

K. Townrow, Hoggett Bowers plc, *30 Queen Square,*
BRISTOL, *BS1 4ND*, 0272-298433, Fax: 0272-279714. *Ref: D11079/FT.*

Group Corporate Planner

Television And Communications
Thames Valley, To £35,000, Share Options, Car

The group is the UK's largest and most successful independent cable television operator with two franchises, including the second largest in Europe. Further significant expansion of its cable television and telecommunications operation is planned for well into the next decade. Reporting to the managing director, you will be part of a specialised team, which includes several prominent individuals from within the cable industry, whose task is to win new franchises for the group. This high profile role involves negotiations at the most senior levels of management on all issues relating to corporate planning. An early priority will be to upgrade the financial modelling system which is a key element of the franchise applications. Aged 28-35, MBA qualified and with sophisticated financial experience, you will have a proven track record in corporate planning and finance. You must have a thorough understanding of, and an interest in, computerised financial modelling. This is a superb role for an ambitious and dynamic individual, who wishes to play a key role with one of the most rapidly expanding companies in the cable industry.

C. Jenkins, Hoggett Bowers plc, *George V Place, 4 Thames Avenue,*
WINDSOR, *SL4 1QP*, 0753-850851, Fax: 0753-853339. *Ref: W19014/FT.*

Financial Director

Capital Equipment Manufacture
East Midlands, c £35,000, Car

This £75 million subsidiary of a progressive UK group is an acknowledged world leader in the design and manufacture of automated capital equipment, supplied to an international customer base. Responsibility is for the total financial management of a network of multi-site businesses, assisted by a professional team numbering 30 in total, covering computerised financial and management accounting, budgetary control and treasury management. Additionally, working closely with the managing director, you will be extensively involved in the commercial and strategic development of the core businesses Qualified accountants, aged over 30 will be finance professionals capable of both operational management and strategic impact at the highest level, who have extensive manufacturing based experience of computerised accounting systems. Prospects beyond this initial role are outstanding.

K.H. Thompson, Hoggett Bowers plc, *Castle House, 74 St. James's Street,*
NOTTINGHAM, *NG1 6FJ*, 0602-412019, Fax: 0602-474819. *Ref: N13077/FT.*

Divisional Finance Directors

South Coast And M4 Corridor,
£32-£35,000, Bonus, Share Options, Car

Successful growth and expansion have created vacancies in two divisions of Meggitt, a fast growing plc with interests across a broad range of advanced engineering products. Both divisions, £80m turnover in the M4 corridor and £30m on the South Coast, operate in the forefront of their technological fields; both have companies in the UK and Western Europe with the larger division also active in the USA. Both roles are similar in that you will be reporting to the divisional managing director and heavily involved in the growth, both organically and by acquisition, of the division. Key activities will include strategic input at divisional board level and day to day advice, support and guidance for a significant number of companies based at home and overseas. To succeed in this challenging environment you will need to be a pro-active chartered accountant, strong in both character and intellect. Future career prospects in this dynamic group are excellent.

K. Townrow, Hoggett Bowers plc, *30 Queen Square,*
BRISTOL, *BS1 4ND*, 0272-298433, Fax: 0272-279714. *Ref: D11078/FT.*

Financial Controller

Consumer Durables
East Anglia, £25,000, Car

The company, a subsidiary of a major British engineering group, distributes the spare parts of the parent company's consumer durables to several thousand small and medium sized businesses throughout the country. This profitable business, which operates in an increasingly dynamic trading environment has a growing turnover of £5m. There are 100 employees based at head office and several distribution centres throughout the country. Applicants, who must be qualified accountants, will be responsible for the provision and interpretation of financial management accounting information. Of key importance is the ability to utilize computer information systems. Age need not be a ruling factor, but commercial awareness, creativity and the ability to help develop a growing business is of key importance. Reporting and working very closely with the managing director this position should lead to a directorship in due course and overall opportunities within the group are outstanding. The normal fringe benefits package is offered, plus car and assistance where appropriate to this extremely attractive location.

M. Stein, Hoggett Bowers plc, *1/2 Hanover Street,*
LONDON, *W1R 9WB*, 01-734 6852, Fax: 01-734 3738. *Ref: H17052/FT.*

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR
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For further information call 01-248 8000

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Elizabeth Rowan ext 3456 | Patrick Williams ext 3694 | Patrick Sherriff ext 462

BUSINESS DEVELOPMENT EXECUTIVE

UK RETAIL GROUP

N Home Counties **c£35,000 + car**

This dynamic and progressive retail group continues to strengthen its leading position by both enhancing and expanding its portfolio of first class retail businesses, each clearly distinguished and targeted.

To meet the challenges of this highly competitive and fast moving sector, there is a requirement for a key individual to make an effective contribution to business strategy.

Reporting at board level you will be responsible for initiating and successfully completing a wide range of business projects. Specific areas of involvement will include store development, space utilisation and product line performance. In short, all issues which are critical to achieve maximum profitability.

An assertive and enterprising individual, you will need to display an energetic and mature approach in order to command respect from diverse user groups. First rate interpersonal skills are essential due to the high profile nature of the role.

Aged 27-35 with broad commercial experience, you should possess the determination and resilience to perform within this challenging environment.

Interested applicants should contact James Hyde on 01-437 0464 or write enclosing a detailed CV to the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS

Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Finance Manager

Sussex **c£30,000 plus car**

As a result of acquisition, this already well established supplier to the automotive industry is experiencing a revitalisation and is poised for considerable growth and development. It is now part of a major European Group which has already developed a comprehensive, profitable and respected visibility in a number of competitive business sectors. The current opportunity is for a qualified accountant to help lead these exciting moves forward based at the commercial and manufacturing centre in Southern England.

Probably aged between 35 and 49, applicants should not only have had previous practical involvement in the financial management of a company supplying competitive products under contractual obligations, but also the commercial flair, negotiating skills and ability to manage the change that will be part of this demanding yet rewarding role.

If attracted to this challenge, please send full career and personal details to John Overton FCA, Managing Director, Bernard Hodes Overton, 8 Dorset Square, London NW1 6PU or telephone 01-706 4911 for an application form quoting reference 12/1136.

BERNARD HODES OVERTON

MANAGEMENT SELECTION • EXECUTIVE SEARCH

Treasurer

Nottingham
£ Negotiable + Car + Benefits

The privatisation of the Electricity Supply Industry in 1990 will offer challenging and exciting opportunities for staff at East Midlands Electricity.

In preparation for privatisation East Midlands Electricity wishes to appoint a Treasurer to head its treasury department.

Reporting to the Financial Director this is a key role in the development of an organisation with an annual turnover in excess of £1 billion.

Responsibilities will include cash management, implementing treasury systems, forecasting funds requirements, interest rate risk management and advising on the Treasury aspects of corporate strategy.

You will preferably be aged 30-35 with broad financial experience and at least three years treasury experience in a medium/large organisation.

Experience in negotiating with financial institutions is essential.

You will be a business graduate or qualified accountant. You must be capable of innovative thought with strong interpersonal skills and a confident manner. Salary is negotiable depending on age and experience. Relocation assistance will be provided where appropriate.

Interested applicants should write, in the first instance, enclosing current CV and present salary to:
Mr. J. F. Harris, *Chairman*, *398 Coppice Road*, Arnold, Nottingham NG5 7HX.

East Midlands Electricity

FINANCIAL DIRECTOR

Essex. £40,000 package + executive car

We are a highly profitable and expanding privately owned Distribution Company with a turnover in the region of £20 million. We are seeking to appoint a dynamic, tough and ambitious Finance Director as a No.2 to our Chairman/Managing Director who will be able to demonstrate a high level of technical ability backed by the commercial awareness to make an early contribution to the continued development of the Company. The right individual will be a qualified accountant, aged 28-35, have a well developed business sense and sound interpersonal and communication skills to compliment our entrepreneurial Chairman/Managing Director. Your main strengths must include leadership, communication and the ability to determine commercial priorities. In addition to the usual benefits, the rewards for success in this post will be equity participation and top league remuneration.

Should this appear to be the opportunity you now feel ready for, which will not only capitalise on your professional expertise and personal attributes, but provide a challenge rarely found, please forward full CV and passport sized photo to

Write Box A1097, Financial Times, 10 Cannon Street, London EC4P 4BY.

A&K
Abercrombie & Kent

Financial Controller

£25–35,000 plus car, travel concessions etc

London

Our client, Abercrombie & Kent Ltd, one of the A&K Group of companies, is an internationally known and exclusive travel agency. Through natural growth, business has expanded rapidly and profitably over recent years, and there are plans to continue to develop this niche market.

The post of Financial Controller entails responsibility for all the accounting, data processing, administrative and personnel aspects of the company's *business*. There is a particular current need to improve systems. There will be, of course, an involvement in the commercial decisions of the company.

Candidates should be qualified accountants probably aged between 25 to 35, and possess experience of the travel trade or related business such as hotels or airlines. Some *management experience* is an essential requirement, as is experience of computerised accounting systems. Above all, however, applicants must have a practical hands-on approach and be prepared to carry out a wide variety of tasks as needed.

Remuneration will reflect experience and formal appointment to the Board is expected after about two years.

Please write, in confidence, enclosing your curriculum vitae including current salary and daytime telephone number, quoting reference A2032 to Michael Ping, Grant Thornton Management Consultants Limited, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Grant Thornton
Management Consultants

Group Financial Controller

C £35K + Car & Benefits City

We are one of the leading international fund management groups with over £4.5bn under management, and are seeking to appoint a Group Financial Controller. Reporting to the Group Finance Director, your responsibilities will encompass:

- *Financial accounting policy & practice.*
- *Tax planning.*
- *Monitoring Group performance.*
- *Treasury Management.*

To meet this demanding role, you're a qualified A.C.A., probably aged 30-38. Behind you there's a sound career working at the centre of an international company, preferably in Financial Services, where you have had similar responsibilities, or are ready for promotion to this level.

If you meet our requirements please apply with CV to Colin Campbell, Director of Personnel, Gartmore Investment Ltd, Gartmore House, P.O. Box 65, 16-18 Monument St, London EC3R 8QQ.

Gartmore

APPOINTMENTS ADVERTISING

For further information call 01-248 8000

Candida Raymond ext 3351	Deirdre McCarthy ext 4177
Paul Maraviglia ext 4676	Elizabeth Rowan ext 3456
Patrick Williams ext 3694	Patrick Sherriff ext 4627

BRITISH CHANNEL ISLAND FERRIES

FINANCIAL CONTROLLER

c. £25,000 + Car + Benefits

We are the leading ferry operator to the Channel Islands and seek a Financial Controller with responsibility for financial systems and management accounting. The position reports directly to the Managing Director.

Applicants should be qualified accountants with a commercial outlook and have experience in a management role. Familiarity with microcomputer modelling techniques in essential and a knowledge of the travel industry would be an advantage.

Applications in writing, enclosing a C.V. to:
Mrs D Hall, Personnel Dept.,
Fairfield House, Kingston Crescent,
Portsmouth PO2 8AA.

Mergers And Acquisitions – Assistant Vice President

City Of London; American Investment Bank

c £30,000, Car And Banking Benefits

This is an exciting new position with the merchant banking operation of a prestigious New York based money centre bank. Reporting to a managing director, the successful candidate will be responsible for liaising with officers throughout the bank's substantial European and North American network to develop business with clients involved in cross border acquisitions and divestments. Aged mid 20's to early 30s, a graduate and/or qualified accountant you will have at least two years M & A experience in a merchant bank or the treasury of a major public company. An analytical, commercially aware mind with a demonstrable familiarity with European economic affairs is essential. Computer literacy will be a significant advantage. For an articulate, self motivated individual the position offers a tremendous career opportunity to undertake business development responsibilities limited only by your own ability.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *J. Mallin, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, Fax: 01-734 3738, quoting Ref: H28002/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR
A Member of Blue Arrow plc

FINANCE MANAGER

C £21K - CHESTER

We are looking for a qualified or part-qualified Accountant (CIPFA, CIMA or CICA) to take up the high-profile position of Finance Manager in our Senior Management team. Based in the historic City of Chester, this post offers a benefits package including company pension, relocation expenses and performance bonus.

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If you have the foresight, organisation, and determination to meet this challenging post, send you CV to Sue Dale at PO Box 150 Chester CH1 3QH by 15 January 1989. We are an equal opportunities employer.

FINANCIAL CONTROLLER

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The organisation has a high quality portfolio of magazines and views growth as occurring both within this portfolio and also by addition of further titles. The position should sustain the interest of a young professionally qualified candidate (ideally with some knowledge of publishing) whilst prospects within the group are excellent in the medium term.

Interested candidates should a C.V. to Gordon Montgomery or call *for further information. Telephone 01-629 8863 Fax 01-408 0961*

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Choice of locations c.£26,000 plus car

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For further information contact Bob Gunning at Austin Knight Selection, 20 Soho Square, London W1A 1DS. Tel: 01-437 9261 (01-256 6925 evenings/ weekends). Please quote ref: 815/JRG/89.

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(Europe)

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AMP Incorporated, the world's acknowledged leading producer of electrical/electronic connectors and interconnection systems has 28 subsidiaries and branches worldwide.

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If you feel you match our requirements, please telephone for an application form or send a comprehensive CV which includes details of your current remuneration package together with a hand written covering letter explaining your interest in the post to:

AMP

The Personnel Department,
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Terminal House, Merrion Avenue,
Stanmore, Middlesex HA7 4RS.
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Our client is a highly profitable, household name in the UK Insurance and Financial Services marketplace. Commitment at Group Audit Committee level is ensuring a drive for robust and efficient systems across the whole business.

As a qualified accountant within a small team based in Surrey, responsibilities will include:

* leading or working within investigative teams on operational audits and reviews — to agreed objectives, criteria and time-frames.
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A commercial awareness, with good planning and implementation skills is important, along with a capacity for independent decision-making. Assignments are occasionally outside of the UK.

Please contact Lesley Harding on 0844 21 7277 for further details

PHILIP JAMES & COMPANY
17 Thame Park Road, Thame, Oxon, OX9 3XD

Financial Controller Food & Drink Industry

Central London — to £25,000 +

The Food & Drink Federation is the principal representative body for the food and drink industry in the UK – an industry employing over 500,000 people and commanding some 25% of all consumer expenditure.

We seek to appoint a Financial Controller to be responsible for all FDF financial and accounting procedures and services.

Responsible to the Director General, you will develop, adapt and maintain systems and procedures to plan, monitor, record and report the financial affairs of the Federation and serviced associations.

This is a key role in a senior team, involving considerable liaison with Heads of Departments and outside bodies. We are looking for a qualified computer literate, Accountant with relevant experience. First class communications skills and analytical ability are essential.

Salary will be negotiated in the region of £25,000.

Please write to Ms Rowena Till, The Food & Drink Federation, 6 Catherine Street, London WC2B 5JJ. Closing date for applications 30th January 1989.

FDF

FINANCIAL CONTROLLER

City — **c£28,000 + Car**

Our client is a well established, quoted venture capital company which has been instrumental in helping numerous small companies in a variety of industries to obtain either a stock market quotation or to expand.

It now seeks a young Chartered Accountant who will both undertake investigations into potential investments and act as part-time financial controller for a number of existing investments.

Candidates will have good technical, analytical and communication skills and enjoy working in a small, entrepreneurial environment where they can make a direct contribution to profitability.

Please telephone D.E. Sbribman for further information or write to him at the address below.

HUDSON SHRIBMAN
VERNON HOUSE SICILIAN AVENUE · LONDON WC1A 2QH TEL: 01-831 2323

Financial Director

– with progression to General Management

c£30,000 executive car

North West

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Reporting to the young, dynamic Managing Director, responsibility is for the provision of timely, meaningful accounts with the emphasis on systems development for both finance and MRP. Certainly qualified, you must have managed the factory accounting function in a fast moving, highly commercial environment and ideally have managed computerised systems development and implementation. You must be a motivated achiever who has a real business feel and has the ambition and capacity for development to a general management or more senior finance role. Accelerated career progression may involve relocation within the UK.

Excellent benefits include non-contributory pension, family health scheme and relocation assistance.

Male or female candidates should send a comprehensive c.v. or telephone for an application form to Howgate Sable & Partners, Barnett House, 53 Fountain Street, Manchester, M2 2AN. Telephone: 061-228 6919 quoting reference: (F.T.168).

Howgate Sable

EXECUTIVE SEARCH AND SELECTION

Finance Manager

South of London – Near M25

c£30,000 + Car + Benefits

Our client is a major subsidiary (t/o c£200m) of a "household name" group in the service sector.

Rapid growth and diversification has created a need for an ambitious and effective Finance Manager reporting to the Financial Director. The role has responsibility for the accounts function of 45 staff and control within newly developed areas of the company's business as well as introduce and maintain sophisticated management reporting systems.

Candidates should be graduate qualified accountants, age indicator 27-32, who can demonstrate an outstanding record of achievement to date and are seeking a role with significant intellectual and management challenges.

Energy and flexibility are essential and will complement proven problem solving ability and interpersonal skills. Prospects for rapid advancement are excellent.

Please telephone or write enclosing full curriculum vitae quoting ref 305 to:
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97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572
Fax: 01-925 2836

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

CHIEF ACCOUNTANT

c.£30,000 + CAR — *CROYDON*

The principal operating subsidiary (T/O c.£35m) of an acquisitive UK plc, the Company is a leader in the contract security industry. We have an outstanding growth record which is projected to continue. Operations are controlled from fourteen profit centres which are being brought onto networked systems.

The Chief Accountant will be responsible to the Finance Director for all aspects of accounting and management reporting functions (25+ staff) and will be expected to make a significant contribution towards the financial performance and control of business. The accounting systems currently use the latest IBM System 400 and substantial further development of its management information capabilities are in hand.

We are interested in meeting qualified accountants who have broad financial management experience gained in a commercial environment. Strong leadership capabilities combined with appropriate technical skills are essential. The post will suit someone who enjoys working under pressure and is looking for further progress.

Prospects within the group are excellent. The attractive package includes a fully expensed executive car and usual plc benefits.

Please write with career details to E. G. Hart, Reliance Security Services Limited, Surety House, 78-86 Brigstock Road, Thornton Heath, Croydon, Surrey CR4 7JA. Tel. No. 01-689 7799.

RELIANCE SECURITY

ARE YOU INTERESTED IN WORKING IN THE GULF?

WHO ARE WE:

QATAR GENERAL PETROLEUM CORPORATION (HQ) STATE OF QATAR

QGPC is the National Corporation covering the Exploration, Production, Refining and Marketing of Qatar's Oil and Gas resources. We are the headquarters function of QGPC, situated in Doha, where Expatriate employees can enjoy challenging work opportunities in a modern urban environment, offering a very good family lifestyle and with excellent Company benefits.

WHAT WE NEED:

HEAD OF INTERNAL AUDIT

We need a highly qualified/experienced and capable Internal Auditor to fill the above post, he will be reporting to the Management on all the Internal Auditing activities throughout the Corporation and its Subsidiaries.
Applicant must have at least an MSc. Degree in Accounting or equivalent plus 15 years experience, including at least 8 years responsibility for Internal Auditing or Financial Control in major companies.

Languages: Perfect Arabic/English both spoken and written.

IF INTERESTED:

Interested applicants are requested to submit detailed CV's supported by 2 photographs and copies of their credentials to:

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ME IRC

ANSVAR

Insurance

Accountant

Eastbourne

A worldwide mutual insurance group for those who abstain from alcohol. As a result of rapid growth, the UK company, based in Eastbourne, wishes to appoint a qualified accountant to deputise for the Assistant General Manager (Finance) with a view to succeeding him on his retirement. Tasks will include preparation of accounts, oversight of investments and improving the quality and interpretation of management information.

Candidates, aged c. 27-35, must be qualified accountants, ideally familiar with accounting for the insurance industry. They should have the management skills and personal potential for playing a major role in the continued expansion of the company. They must be non-drinkers and subscribe to the philosophy of the company. An attractive salary and benefits (including subsidised mortgage) will be negotiated.

Please apply to: Sir Timothy Hoare, Career Plan Ltd., 33 John's Mews, London WC1N 2NS, tel 01-242 5775. Fax No. 01-831 7623.

Career plan LIMITED

Personnel Consultants

FINANCIAL CONTROLLER

LONDON – TO £30K PLUS CAR

Dynamic approaches have allowed the Rapida Group to establish itself as a major force within its specialised sector of the printing industry. Pre-press is an exciting marketplace utilising some of the most sophisticated technology in industry today.

Future corporate plans will be realised from both further organic growth and acquisition.

To enable us to continue to realise our ambitious goals we now require the expertise of a financial controller.

The successful candidate will be a young highly active qualified accountant preferably with a training in public practice followed by a minimum of 3 years in commerce.

Highly varied responsibilities represent an exceptional career progression platform for a commercially aware accountant determined to realise full potential.

Please write with full CV, current salary and telephone number to:-

The Managing Director
Rapida Group
136-148 Tooley Street
London, SE1 2TU

Financial Controller

£Multi-Million Media Group

London **c. £25,000 plus Car**

Following a period of re-organisation and the formation of a joint venture company, geared to increasing their European presence, this c. £300 million British Group enjoys massive market penetration throughout the outdoor advertising arena. Operating within the Group, our client is responsible for some c. £70 million international media spend and is a major contributor to Group profit.

A Financial Controller is sought to take total management responsibility for ensuring the smooth running of the finance function and its timely/accurate reporting procedures.

However, this is not a 'number crunching' role. It is a key position, reporting to the Commercial Director and involves exposure to all aspects of the business. Therefore, a recently qualified accountant is sought, capable of conducting ad-hoc projects which will directly influence the success and profitability of the division.

Career opportunities are out-standing both within the division and throughout the group.

To discover more, start by telephoning Maxine Lester on 01-638 1711 or write to her enclosing full career details.

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Reporting to the Board, the Finance and Administration Manager will be responsible for all aspects of internal and external reporting based on in-house DP systems. Specifically, responsibilities include:

1. Accounting and Sales Administration.
2. Liaison with Group Financial Control.
3. Accounting policies.
4. Treasury and tax planning.
5. Development of internal reporting.
6. Financial control.
7. Data Processing.
8. Annual audit.

There are currently around ten staff supporting these functions, but this number is expected to grow considerably.

The ideal candidate will be educated to a degree standard and will have held an accountancy qualification for a number of years. Particular strengths in systems are required as is the ability to relate well to a marketing orientated business. Career prospects are excellent.

Apply with full C.V. to: G.E. Wirgman FCA,
ECS International UK Limited,
Eton House, 18-24 Paradise Rd,
Richmond-upon-Thames,
Surrey TW9 1SE
marked 'Private & Confidential'.

ecs UNITED KINGDOM

FINANCIAL CONTROLLER (DIRECTOR DESIGNATE)

DOWNLAND

Downland is a small, but rapidly expanding, Property Group operating in Commercial and Residential markets.

We require an FCA, preferably with property experience, to lead our Finance and Company Secretarial functions.

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Apply with full C.V. to:

Simon M. Johnson, Managing Director, Downland Estates Ltd, 1 Northgate, Chichester, West Sussex PO19 1AT.

NMC - Management Consultants

Corporate Finance Manager

Excellent salary (including car) and career opportunities

A Hampshire based multinational, specialised in the manufacture and retail of consumer and professional cosmetic products, seeks a Corporate Finance Manager.

Reporting to the Executive Director, Commercial Operations, the successful candidate will be responsible for finance and administration, with an emphasis on the controlling aspects; and will also have budgetary responsibility for Head Office.

The ideal candidate will be a chartered accountant (age 35) with cost accounting experience and will be familiar with budgeting and auditing as well as having good financial and commercial knowledge including taxation.

The company uses Honeywell systems and IBM microcomputers, and on line account systems with Lotus, and computer literacy is essential.

Highly motivated individuals with good leadership skills, who can perform well under pressure should apply in writing to:

Fiona Crawford, NMC Management Consultants, 42 Curzon Street, London W1Y 7RF, Telephone: 01 491 4908, Facsimile: 01 629 2783

MANAGEMENT ACCOUNTANT

North West London **Salary c£22,000+Car**

Part of a major international group, a food manufacturing company located in North London, with ultra-modern, automated production facilities, whose high quality products are brand leaders, requires an exceptional individual as their *Management Accountant* and deputy to the Financial Controller.

Full responsibility for the management accounting function includes cost and budgetary control, forecasting, capital project appraisal, remuneration management and continuous review and improvement of existing systems and procedures.

The successful candidate will probably be at least 27, qualified (CIMA) currently with managerial responsibility, competent in the development and operation of computerised systems and ideally with experience in the food manufacturing industry.

A contributory pension scheme, life insurance and company car are provided along with other benefits including generous relocation expenses, as necessary. Career prospects in the group are excellent.

Apply, in confidence, giving full personal and career details quoting reference FT/610, to:

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33 St. James's Street, London SW1A 1HU (01-493 1788)

The Recruitment Division of John Lloyd & Partners Limited, Management Consultants

UK FINANCE DIRECTOR

Maidstone/London **£25/30,000 + Bonus + Benefits**

Our client is a highly acquisitive private company which is currently strengthening its senior management team with a view to flotation in 1990.

The business is expanding rapidly in the UK and Continental Europe through acquisitions and by organic growth in the range of security and allied services it offers to commercial and domestic customers.

There is now a need to recruit a UK Finance Director reporting to the Group Finance Director. This is a new position which will carry responsibility for consolidation of the accounts of subsidiaries, monitoring cashflow, preparation of budgets and forecasts, developing and implementing management information systems, integration of new acquisitions and ad-hoc investigations.

Candidates will probably be chartered accountants in their late twenties or early thirties looking for an opportunity to work in a demanding environment.

The remuneration package will include a car and the normal range of benefits. Please write in confidence with full career details and present remuneration, to:-

Goodall & Co.
122-124 Regent Street
London W1R 5FE
For the attention of Mr R. Bray

Ambitious Accountant

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Schroders, the International Merchant Bank Group, seeks an ambitious accountant to join the small specialist team providing a confidential and comprehensive financial management and advisory service for high net worth individuals.

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This is an ideal entry-point for a young qualified Chartered Accountant, with a mature approach and a major interest in personal and trust taxation and trust law. Computer fluency (preferably on IBM) is expected.

The total rewards package comprises a competitive salary and an attractive range of benefits including mortgage subsidy and non-contributory pension scheme.

Please apply in writing, with full C.V. to Jo Heigho, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS.

Schroders

Clapham Common **Salary negotiable to £27½K + Car**

FINANCIAL CONTROLLER

P.C.Werth Limited

Our client, a long established and sucessful family company, is a leading supplier for Audiology and Hearing Conservation. Its activities include Manufacture, Development, Distribution and Servicing.

A Financial Controller is required to take full charge of the Accounting operation, contribute to administrative efficiency and generally perform a key role in the management team.

The prospects of a Board appointment are good, the work location attractive, the atmosphere friendly and informal, and the task challenging. Corporate Policy calls for systematic development rather than rapid change.

Applications are invited from qualified Accountants preferably aged between 30-45 who believe that they can relate to such an environment.

They will need to demonstrate

i) Good all round accounting experience;
ii) Sound knowledge of integrated data processing sytems;
iii) Successful control of a small Accounts office.

Please write, enclosing C.V. to Christopher Brooks, Joint Managing Director, Morison Stoneham Management Consultants Limited, 805 Salisbury House, 31 Finsbury Circus, London EC2M 5SQ.

Morison Stoneham
Management Consultants Limited

CONVERSE

FINANCIAL CONTROLLER

CRAWLEY, WEST SUSSEX **TO £24,000 + CAR**

Converse UK is the recently established subsidiary of the third largest American sports footwear and leisurewear manufacturer and distributor. Their explosive growth and exciting prospects in the British sports & leisure market highlights the need to consolidate existing controls and establish new financial foundations for future growth. This senior appointment is an exceptional opportunity for a young accountant to contribute to the strategic management of a fast changing and exciting business.

Reporting to the General Manager, this "hands on" position will be responsible for continuing present development work on systems and controls including the implementation of integrated accounts and inventory control computer software. The role will be responsible for the control and development of the accounts team, interpretation and reporting of financial data and forecasting information and oversee inventory control and planning issues.

Candidates will be Chartered Accountants aged 28-40 with proven experience in a fast moving distribution or manufacturing environment and fully conversant with computer technology and systems.

Remuneration will be negotiable, depending on experience, and includes a company car, contributory pension and private medical cover.

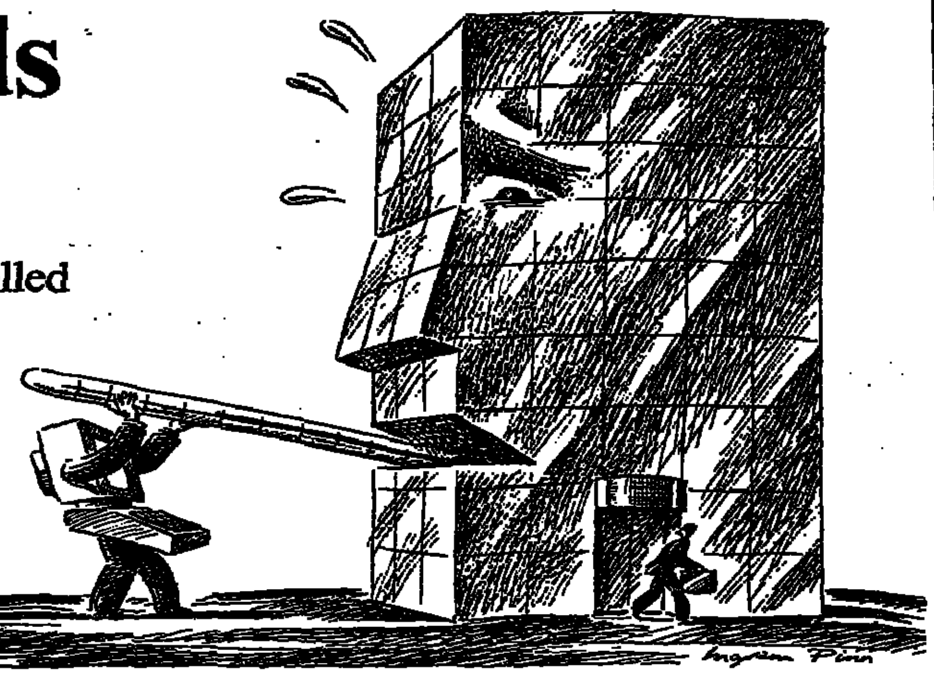
Interested applicants (male or female) should send a detailed CV for the personal attention of:

The General Manager, Converse UK,
2 Meadow Brook, Maxwell Way, Crawley, West Sussex RH10 2SA

TECHNOLOGY

Europe warms towards energy management

Della Bradshaw reports on advances in computer-controlled systems for factories and offices



This year British businesses will spend £10bn on energy to run their heating, lighting and industrial processes.

But in spite of the savings companies can make by cutting consumption, businesses in western Europe have been slow to introduce energy management systems. Such systems monitor heating, ventilation and air conditioning, and achieve the desired conditions with the minimum energy input.

In the US, companies have been using computer-based systems since the 1970s. But in Europe interest has been aroused only recently with the development of systems based on microcomputers.

Manufacturers of energy management systems in the UK are now optimistic. "The technology is becoming more and more reliable, which makes people more comfortable about leaving machines in charge of their buildings," says Richard Shord, director of the product marketing division at Trend Control Systems, a manufacturer of microprocessor-controlled energy management systems. "As the computerised systems are much smaller – and are often pre-wired and pre-tested – the project management is also much easier."

A growing number of European companies have joined the two major US suppliers, Honeywell Controls and Johnson Control, in selling systems. These include three Swiss companies, Landis and Gyr, Staefa Control Systems and Sauter Automation, as well as Siemens and AEG, of West Germany, and Satchwell Control Systems (part of GEC), Trend, Transmitton and Potterton Energy Controls in the UK.

As the cost of the central computer hardware continues to fall, a microcomputer-based energy management system can now be bought for as little as £1,000. However, the complicated wiring and installation needed for a new system can double the outlay.

At the heart of today's energy management systems are four main components:

- Sensors to monitor air temperature (inside and outside the building), lighting levels, humidity and noxious gases. They can also tell whether there is anyone in the room, through a switch which registers when a door is opened.
- Direct digital controllers – electronic boxes which calculate when to activate or shut down the equipment using information fed to them by the sensors. With more modern systems, large numbers of controllers are used so that each one can create the conditions appropriate to different parts of the building. Later this year, Honeywell will market a system which can control the temperature of each individual room.

Energy management systems use a heating control mechanism called Proportional Integral Derivative. This measures how many degrees over or under the required temperature the atmosphere is and then reacts accordingly.

- A network to link the digital controllers together.
- Supervisory terminals on which the information produced by the system can be called up. Faults are automatically displayed.

Most manufacturers use a personal computer (PC) for the terminal, usually IBM or compatible PCs. The more sophisticated multi-tasking PCs can monitor heating and light while being used for ordinary office jobs, such as word-processing or financial planning.

For companies with a number of buildings in different locations, a supervisory terminal in the head office can be attached to the network through an auto-dial modem (a device which translates the signals for transmission over the telephone network).

This is becoming increasingly important with the emergence of facilities management companies in the UK, which install, operate and maintain energy networks. They can diagnose problems – and often correct them – remotely.

Facilities management companies alleviate one of the last difficulties associated with energy management systems – how to interpret the information that is fed to the system operator by the sensors and controllers. Many larger companies are employing technicians to do that job, but smaller users cannot afford it.

The problem could be solved in the future by expert systems, which will help managers interpret the data coming from the system.

Other technological developments are also making energy management systems more attractive. The latest versions can be connected to the building's telephone system, so that adjustments can be made to the temperature, or lights switched on or off, by pressing a combination of buttons on the telephone.

The data from energy management systems can also be fed into other networks, such as a security or fire alarm system. In the case of a fire, for example, heating and air conditioning systems would be switched off so that they did not fan the flames.

Systems which incorporate control of heating, lighting, office automation and security networks, often referred to as "intelligent building systems" are growing in popularity in the US. A catalyst for this has been the recognition of building sickness syndrome – health problems among employees, which are attributed to factors such as the air conditioning and which have led to litigation against employers. Companies are hoping that if their employees have some control over their environment, they will be less likely to suffer from illness, or at least less likely to sue.

Johnson Controls in the US has developed a system with office furniture manufacturers so that in a partitioned building individual employees can control the temperature in their own cubicles.

While European employers still view energy management systems as a way of saving money and delivering information about energy consumption, US employers see employee comfort as one of the key factors in selecting a system, according to John Bernaden, of Johnson Controls.

Some US companies have installed systems which are wired into the ordinary electricity system, eliminating the need to rewire the building. That makes the energy management systems much cheaper to install.

An inhibiting factor is fluctuations in the electricity current, which can corrupt the information sent over the network. Error correcting devices are being developed.

There is still a long way to go before the installation of energy management systems in Europe matches that in America. In the US, the market is worth \$3bn (£1.7bn) a year, whereas market research organisation Frost & Sullivan estimates that the European market will only be worth \$1,700m by 1992.

In the UK, the building boom in new office blocks has accelerated the installation of energy management systems – the market was valued at £85m last year, compared with £4m in 1982, according to the Energy Systems Trade Association.

THE "intelligence" built into a building needs to be based on monitoring of energy consumption, heat generated by equipment and air temperatures at strategic points in the building.

How much detail is required depends on the nature of the building. North and south faces, or upper and lower storeys, experience different conditions. And departments doing different jobs may need different temperatures.

Based on its studies of the thermal responses of several UK buildings, the Building Research Establishment (BRE) has developed an algorithm (a logical system) to give the optimum heating start-up time. BRE researchers claim fuel savings in the range 10 per cent to 40 per cent.

The algorithm is expressed as an equation using co-efficients for each application. This is a self-adaptive system which "studies" responses of the building to outside conditions and can "learn" to predict them. Vic Crisp and Martin Shaw at BRE point out that there can be up to 30 per cent savings in the early stages of installing such systems.

There are two main aspects of this. First there must be conscientious maintenance of all the equipment.

Second, to gain full advantage from the system there should be skilled (human) interpretation of how it is working. BRE suggests that the expertise of lower-skilled technicians should be supplemented by expert systems, containing "knowledge" in the form of facts, relationships and rules. Within their field of expertise these programs can also make reasoned inferences from readings and situations. Brexbas (Building Research EXpert Building Automation System) is one such system.

A prototype version of the Brexbas expert system is to be installed in an office block in Epsom in March. BRE is hoping to encourage manufacturers of energy control systems to take up the development of Brexbas.

In addition, the researchers are looking at the use of programs in which the computer solves the problem by a method of trial and error, "judging" whether the result is closer to a solution after each attempt.

All these developments mean that electronic systems of increasing complexity are being installed in buildings. They obviously need to be reliable. But they may suffer electrical interference and might even themselves affect other electronic systems. For example, they might be affected by emissions from the mains wiring, electrostatic discharges from carpets or clothing, or by electromagnetic radiation from radars, security guards' transceivers and the like.

So the corollary of this work on control systems for buildings is a standard to ensure that the equipment does not interfere with other equipment and is itself immune to disturbance. A draft national standard is being considered by the British Standards Institution. Work is also in progress on standards for the European Community.

Israel Berkovitch

VW says lean-burn engines cannot match catalysts

Lean-burn engine technology has no hope of matching the low exhaust emission levels offered by catalytic converters, at least in the foreseeable future and under normal operating conditions in Europe. This is the conclusion of a lengthy research programme carried out by Volkswagen, the West German vehicles group.

As a result, Volkswagen is to offer cars with catalytic converters as options in all markets by the end of this year. This commitment is irrespective of the phased introduction of more restrictive exhaust emissions standards within EC member states which is taking place between now and the early to mid-1990s, and which some major manufacturers insist can be adequately met with lean-burn technology.

Volkswagen's conclusions seem bound to spark controversy in some individual markets. Not least in the UK, where market leader Ford has already come under attack from the Greenpeace environmentalist organisation for refusing to give UK customers at least the option of buying "cat" cars.

Ford has stressed on several occasions the company's belief that new emission standards can be met with lean-burn technology, even though Ford already produces catalyst equipped cars for other major European markets such as West Germany.

Volkswagen contends that while this is probably true, and that some lean-burn engines could possibly even meet current US standards – which are stiffer than those only now being introduced in Europe – the lean-burn engines are relatively "clean" only at low speeds.

As soon as they are used above 60 miles per hour, according to Istvan Geiger, who led the VW research team, they emit more nitric oxide – the pollutant closely linked with "acid rain" – than catalyst cars.

Ironically, emission levels are not tested at speeds above 60mph in either the US or Europe. In the US this has been justified by the long-standing 55mph speed limit which is only just being raised in some states. But the European test cycle currently has an average speed of only 18mph, with a maximum of 50mph. It takes no account of the 70mph-plus speeds typically sustained on European motorways.

Discussions are continuing about a new EC test cycle to take them into account, but the issue remains unresolved. "If the Euro-norm test was raised to 75mph – the proposed pan-European speed limit – we do believe it would be more difficult to keep to a lean-burn engine," maintains Geiger.

He adds: "Volkswagen's policy is to produce engines that are clean under all normal road conditions, not just on an artificial test cycle."

Volkswagen insists that its research has highlighted other operating problems with lean-burn technology, including unsteady engine idling and misfiring.

These could be avoided by incorporating more sophisticated ignition and injection controls and an advanced engine cooling system, though adding all these would raise costs above those of a full three-way "cat" car, VW claims.

The cost of incorporating a catalyst depends on which system is installed. On smaller models like the Volkswagen Polo, a simple oxidation catalyst adds £200. The more complex "three-way" system to be used on larger cars, and which incorporates exhaust gas recirculation with sensor and electronic controls, adds about £600.

Volkswagen, which has a high reputation for its engineering research and development activities, decided in favour of catalysts after several years of research under a programme partly funded by the West German government.

VW is continuing its research into alternatives to catalyst systems. It is clear, though, that the company now sees the catalyst as the main solution to emissions, at least for the remainder of the century. Volkswagen, which embraces Audi and Seat of Spain, is one of the world's largest vehicle manufacturers, with output of more than 2.5m cars and commercial vehicles per year.

John Griffiths

MANAGEMENT: Marketing and Advertising

Leisure trends

Full house for a popular pastime?

Alice Rawsthorn on the rehabilitation of a gambling game into a 'safe and socially useful' activity

In the swinging years of the 1960s it was castigated as a social evil that lured the women of Britain away from their families by tempting them to squander their housekeeping money in gambling dens.

Today bingo has been rehabilitated. Only last week the phenomenon of hundreds of women awaiting a cry of "clickety-click 66" in a converted cinema was lauded by the *Institute of British Geographers* as "safe and socially useful".

Better still, from the industry's perspective, the bingo market is booming. Bingo halls – or centres, as the industry prefers to call them – are packed. The giant leisure groups that dominate the industry are investing in lavish refurbishment. Granada has just spent £2.5m on its new bingo centre in Derby, the *first purpose-built, stand-alone bingo* hall in Britain.

The Derby centre is the most ambitious part of Granada's £12m programme to modernise its bingo activities. "The challenge that we, and the other operators, face is to redefine the game as a popular pastime for the 1990s," says Graham Kerr, managing director of Granada Clubs.

Bingo traces its origins to the games of "housey-housey" that became popular during the Second World War. At first it was played in village halls and working men's clubs. In the 1950s and 1960s, when the popularity of television encouraged people to stay at home rather than visit the cinema, the empty cinemas were turned into bingo halls.

The game hit its heyday in the early 1970s, when 5.5m regulars flocked to converted cinemas for a flutter and an outing with their friends.

But in the middle years of the 1970s, bingo drifted into decline. The game fell prey to its dowdy image, the impact of the recession on its working class customers, the seediness of the converted cinemas and the failure of bingo operators to keep pace with the changes which were sweeping through the rest of the leisure sector.

By the mid-1980s there were only 3m regular bingo players. Halls were forced to close and some of the smaller chains went under. But the *industry* woke up. A new generation of managers entered bingo and saw the game quite differently from the old cadre of cinema operators.

The new managers began to spruce up the bingo halls. Their initiatives had some effect in reviving interest. But the chief catalyst surfaced two years ago with the launch of the "national game".

Since the late 1960s, when bingo came under *the aegis of the Gaming* Board, there have been strict controls over the size of prizes. But in 1986 the government permitted clubs to participate in a national game with a £50,000 prize.

In 1987 the decline in attendances was halted and in 1988 attendances actually rose. Suddenly bingo looked like a growth industry again. "We had made good returns from the *game for years,*" says Kerr. "But there had been some frustration at the lack of development opportunities. When those opportunities appeared, we said *'Let's go for it!'*."

Granada is the fourth of the "big four" bingo operators after Rank, Coral and Mecca. Its 63 clubs attracted a turnover of £60m last year. Since the revival in bingo attendances, it has expanded by buying the 15 Essoldo clubs in the UK and diversifying into the US.

Three years ago Granada began to research the bingo market. The *results were fairly predictable.* Regular players enjoyed coming to a friendly, familiar place where they felt safe. Most players, after all, are women and many are elderly. But even the regulars found bingo boring. They thought the *halls* were scruffy and wanted a wider choice of entertainment.

Granada had already begun to enliven its bingo centres by introducing cabarets and club holidays. It had also experimented with computerised ticketing systems that enable it to monitor attendances. The group then embarked upon refurbishment.

The *leitmotif* of its £12m refurbishment programme is to treat bingo like *any other area of the leisure* sector. "We must recognise that we are competing for people's time and money not only with other bingo operators, but against restaurants and pubs," says Graham Kerr.

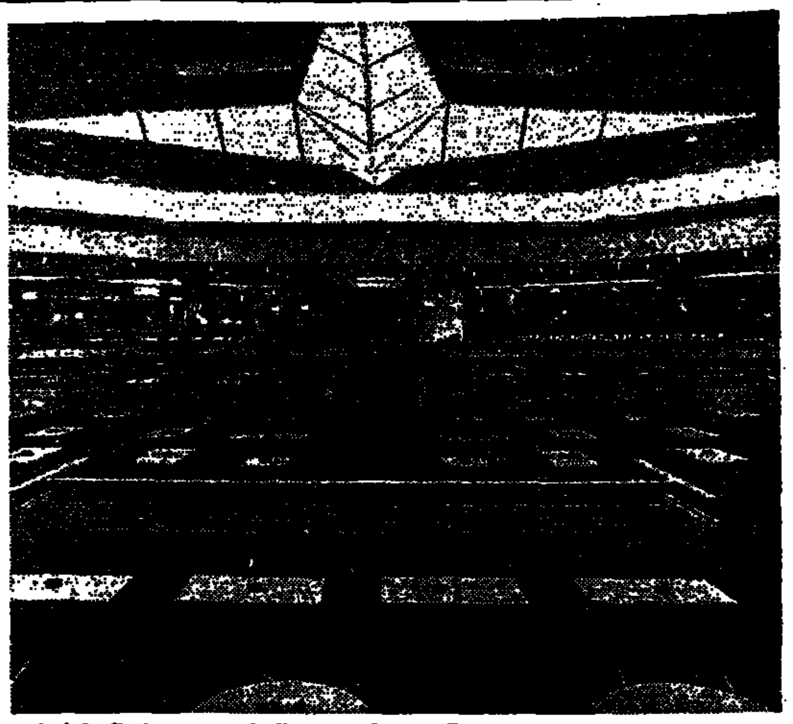
Accordingly it has drafted in Marketplace Design Partnership, a design consultancy that has been involved in other leisure projects – a cinema complex for Rank and a bowling centre *for Granada – to* work on some of its new bingo centres.

The refurbishment programme *began last year with the renovation* of three established centres. MDP worked on the centre in Bristol. The others were designed by Granada's in-house team.

When it came to opening a new centre in the city of Derby, Granada could have chosen the conventional – and cheaper – option of converting an old supermarket, cinema or bowling alley. Instead it opted to *spend more money – about £2.5m* rather than £1.5m for a conversion – to build a brand new centre.

Some of the elements of the Derby design are common to all the refurbished centres: softer colours, more comfortable seating, better *lighting and ventilation. But by building* a new centre, Granada has been able to be more inventive.

In the design MDP drew upon Granada's research together with its own "surveys", which involved despatching its design team to bingo halls to find out about the game from the player's perspective.



Britain's first purpose-built bingo hall at Derby cost £2.5m

One of the chief changes is in the entrance area where, instead of the conventional "cinema" kiosk, a hotel-style reception has been installed. The playing area is set on four tiers. The restaurant and bar are far larger than in conventional centres. There are also new features like a video wall showing satellite television.

Granada plans to open two new bingo centres a year from now on and to acquire about 20 other centres. It hopes that the Derby centre, which opened just before Christmas, will be as successful as the Bristol project.

Business has boomed since the Bristol centre opened in the summer. Attendances are running 10 per cent ahead of the same time last year and turnover is 18 per cent higher. Equally important, to an industry which is eager to attract a younger audience, the average age of the players has dropped from 46 to 43.

The early experience at Derby is equally encouraging. *This Saturday* the centre will be treated to its first "celebrity cabaret", when the cries of "clickety-click 66" are silenced as Des O'Connor, the veteran crooner and comedian, takes to the stage.

The secrets of market domination

WHETHER the market you enter is large or small, the strategic business plan must be to concentrate your resources and dominate it, says Larry Light, chairman and chief executive of the US-based advertising agency, Backer Spielvogel Bates. In a report which reconfirms the importance of market leadership, Light states: "Leadership pays. Domination pays even better."

A study of 2,746 US businesses over a four-year period showed that market leaders averaged a return on investment of 31 per cent compared with 11 per cent for those ranked *fourth* or worse in their markets. "A fourth-ranked business is not really a viable business," Light says. "It is an unprofitable hobby."

A market dominator (a business with sales volume at least 1.5 times its nearest competitor) was 52 per cent more profitable than its nearest rival and 183 per cent more profitable than the market followers.

The Law of Dominance, Light adds, holds for niche markets as well as big markets. "It is more profitable to be a niche-picking dominator than to enter a big market and be a follower. A weak rank is a weak business."

To become a market leader, superior quality is critical. But Light argues: "*It is not sufficient* to have superior quality. People must think of you. Then, they must think well of you. Advertising is a key strategic factor. Market leaders recognise the importance of quality and they also recognise that they must support their investment *in it ... with* above average expenditures in advertising."

A marketing mix which is skewed excessively towards promotion does not build market dominators; it leads to unprofitable market followers, says Light.

Promotion is important for new products and for defending volume against competitive onslaughts. But he warns that the current trend towards more promotional expenditure disclosed in a study of 718 US consumer businesses is a "potentially dangerous misallocation of marketing resources."

If marketers spend two out of three dollars to communicate that price *is* more *important* than quality, they are not building brand loyalty, Light says; they are merely purchasing short-term behaviour.

"A brand is more than a product. A brand is a very valuable intangible asset. Promotion borrows from a brand *reputation ...* excessive promotion does not increase the value of an asset; it depletes it.

"People are loyal to brands, not to products. Repeat buying alone is not loyalty. Loyalty is desire to repeat. Repeat behaviour can be bought. Loyalty must be earned," Light concludes.

Philip Rawstorne

How mail can stimulate a direct response

Philip Rawstorne on the role of the 'silent salesman'

Faced with a recession in the UK building industry in 1985, Wimpey Construction could have reacted simply by making many of its staff of architects, designers and engineers redundant. But that would have made it more difficult to compete for new business when the upturn in the market came.

It decided, instead, to retain as many staff as possible and seek more repair and renovation work. For the first time, it used a direct mail package to property managers in the London area.

Wimpey offered to survey properties and submit recommendations free. It enclosed a folder showing "before and after" colour illustrations of work it had carried out, a covering letter emphasising the need to protect property investments, and an "executive toy" egg-timer as a reminder to longer term prospects of its service.

The direct mailing cost £10,000 – Wimpey got £2.5m of business in return.

Avis Car Leasing, trying harder to win new business in a highly competitive market, targeted company finance directors rather than transport managers as key prospects. But Avis salesmen found it impossible to get personal interviews merely by calling at company offices.

A direct mail package was devised in an attempt to unlock the closed doors. The package, sent out in an eye-catching envelope, included four playing cards, all aces, on the back of which summaries were printed of new services on offer.

This "winning hand from Avis" cost £7,000. It resulted in new contracts with companies for more than 1,100 vehicles worth around £5.75m over 27 months.

The Midlands Electricity Board, targeting those householders in its area without gas supplies with a personalised direct mail shot about electric central heating – "This winter you can be as warm as toast – and save money, too" – got a 3.5 per cent response. But that was worth £1.5m in sales of boilers, and another £200,000 a year in extra electricity sales.

These illustrations of the power and cost-effectiveness of direct mail are included in the second edition of the Royal Mail Direct Mail Handbook* published this week.

Increasing market and media fragmentation are encouraging more and more advertisers to increase their use of direct mail in their marketing mix.

"It is becoming more and more important to advertisers to be able to target their advertising precisely," says Les Andrews, the Royal Mail's direct mail manager, and editor of the handbook.

The Advertising Association estimates that, in 1987, some £483m was spent on direct *mail* in the UK, making *it* the third largest advertising medium behind press and television, and worth more than posters, radio and cinema advertising put together.

The volume of direct mail *has increased threefold during* the past decade. In 1987, it amounted to 1.6bn items, with roughly three-quarters going to consumers and the rest to business and industrial markets.

Yet the UK direct mail business is still far smaller per head of population than that of most other European countries.

Switzerland leads with an average of 90 items per head per year, followed by Sweden (58), West Germany (53), and Belgium (51). Only Portugal and the Republic of Ireland have a lower score than the UK's average of 25.

The handbook, the only pub*lication* on *the subject* commissioned by a postal authority anywhere in the world, provides a concise but comprehensive guide to the use of the medium.

Established practitioners, in a series of articles, cover every aspect of the medium from the compilation of mailing lists and computer databases to new creative possibilities, from testing and measurement to the law and advertising standards.

The handbook also offers advice on the role of this "silent salesman" in overseas markets: "There are local courtesies to be observed ... but people are *people the world over* and respond to the same stimuli if they are properly addressed."

Exley Publications, £19.95.

CINEMA

Exquisitely honed banalities

HIGH HOPES
Mike Leigh

PASCALI'S ISLAND
James Dearden

MAPANTSULA
Oliver Schmitz, Thomas Mogotlane

RED HEAT
Peter Hyams

THE PRESIDIO
Walter Hill

In Mike Leigh's wonderfully funny and affecting *High Hopes*, the United Kingdom is a divided serfdom. One half of the population is in thrall to Dayglo dreams of social ascent: the other half to dissent and impotently wistful radicalism. In converted slumlands, yuppies run amok with bloodcurdling Sloane Street accents. In stubborn bedsits the last surviving Marxists hold out, growing unwashed beards with the devotion of scientists in a hydroponics lab.

Owing to the unavailability of our leader, the role of Mrs Thatcher is played by a cactus. The plant, so named because "it's a pain in the arse," belongs to Cyril and Shirley (Philip Davis and Ruth Sheen), despatch rider and his live-in girlfriend. When not making pilgrimages to Karl Marx's tomb in Highgate, this couple bickers over whether to have a baby, takes in lost strangers who stumble into their two-room hovel near King's Cross, or cope with Cyril's addled Mum (Edna Dore) and semi-demented sister Valerie (Heather Tobias).

Valerie is a walking colour-clash with a hyena laugh, a philandering husband and a home designed like a hairdressing salon. Mum is a hopeless case. When not locking herself out of her council flat and falling on the mercies of the next-door yuppies, she is the terrifying victim of birthday celebrations. 70 years old, her treats include a DIY blood-pressure machine from Valerie and a family get-together as warm and cosy as a dinner with the Borgias.

In only his second feature film – the first was *Bleak Moments* 18 years ago – stage and TV director Mike Leigh parlays his working methods brilliantly onto the big screen. Devotees of *Abigail's Party* or *Nuts In May* know the Leigh style of doleful comedy. Exquisitely honed banalities – the script is based on improvisation with the actors – create characters locked each into his own idiom, as if God or society has slammed the door on self-improvement and thrown away the key.

Caricature threatens but rarely causes damage. In *High Hopes*, only the rampant yuppie couple are overdrawn, and even here it is hard to withhold a giggle: as when the lady Sloane (Lesley Manville), tut-tutting over Mum's refusal to buy and re-sell her "goldmine" council flat, chirrupingly asks the old dear, "Do you have all your original features?"

But the film's triumph is in the depiction, at once satirical and compassionate, of its two aging young Marxists. Cyril and Shirley are stretcher-cases of the new Britain. Run over by Thatcherism, the couple is broken in wind and limb and now dispenses brain-dead radicalism from a mind trapped in the 1960s. But this blinkered pair become ever more sweetly credible as the film evolves. As private dimensions open up in their relationship – quarrels over whether to have a child, what to do with Mum – we realise they are two lost souls like you or me. Bickering with their partners and mirror-images, they soldier on with their small lives while the large world outside whirls ineluctably towards eternity or Armageddon.

★

James Dearden's *Pascali's Island* is a different kind of UK product. Where *High Hopes* is a live plant grown from the soil of a lovingly tended truth, this period fable is like an artificial flower with ideas above its station: one of those designer blooms you stick in a vase when guests are coming and there is no time to raid the garden.

The film's colours are golds and ambers, azure blues and sunlit whites: the setting is a Turkish-Greek island in the Eastern Mediterranean, circa 1908. Ben Kingsley, whose dancing eyes are about the only thing that moves in the film, is the titular Pascali. A spy for the Sultan in the twilight years of the Ottoman empire, he sends reports that are never answered. ("Pascali's wager" is that the Sultan actually reads them. But like mankind and its prayers, how can he know?)

Enter Helen Mirren, expatriate Viennese painter, and Charles Dance, self-styled archaeologist. Dance is soon involved in villainy concerning digging rights and priceless statues; Mirren is soon involved with Dance; and Kingsley rashly becomes involved with both. Result: he sees his little world and power-base collapsing even as the larger Turkish dominion crumbles around him.

Based on a novel by Barry Unsworth, the film is like a costume and scenery parade terrorised by metaphor. Daunted by the blank-cheque portentousness of almost everything they have to say or do – this is one of those films where anything can mean everything and probably does – the cast tend to stand still, look anxious and bravely mouth Dearden's dialogue. This consists chiefly of vatic platitudes ("Maybe I came here to find something." "It's as if everything I've ever done has led me to this") and makes one wonder what ever happened to the redblooded, visceral Dearden who scripted *Fatal Attraction*. The movie has things to say about God, history, love, betrayal, reality and truth. A fascinating agenda, but it fails, alas, to say anything in other than a stiff, gentrified, literary manner. As a movie, *Pascali's Island* is a strong contender for the book-of-the-month award.

Mapantsula comes with the unbeatable recommendation, "Banned in South Africa." Filmed in Soweto under the guise of a routine gangster thriller, the movie was then discovered by the authorities to have impermissible layers of political subversion. Its tale of a petty thief (Thomas Mogotlane, also co-screenwriter) who is arrested, vainly pressed to turn police informer and finally "politicised" is a vehicle for comment on pass laws, police brutality and state-sponsored racism.

Directed and co-written by Oliver Schmitz, the film's heart may be in the right place but its creative brain is less firmly located. Stumbling from counter to counter in the Anti-apartheid Ideas Store, it grabs at familiar vignettes: the sudden street arrests, the covert township meetings, the black maid who works for a bossy white mistress, the funeral procession confronted by armed police. But it tends in its zeal to knock the vignettes over rather than set them up for lucid inspection. Remarkable that the film was made at all: but its impact as enlightened propaganda is dimmed by its haphazard co-ordination as a movie.

★

When W. S. Gilbert opined that a policeman's lot is not a happy one, he had not even seen *Red Heat* or *The Presidio*. If he had, he might have included in his lament those who have to watch police thrillers. Seldom do we witness so much talent – stars Arnold Schwarzenegger and Sean Connery, directors Peter Hyams and Walter Hill – imitating the action of headless chickens as cars career, guns blaze, bodies thump and cogent dialogue went thataway.

Red Heat has Big Arnie as a Russian policeman on an extradition mission to the USA, teamed with Chicago cop Jim Belushi. Why is he so teamed? So that director Walter Hill can recycle his *48 Hours* script: two lovable oddballs in forced partnership, quarrelling all the way to the final showdown.

The film has fun with Schwarzenegger's monolithic presence and deep-quarried voice. (He not only looks like an Easter Island statue, he bases his acting style on one). The best moments are the laconic exchanges. Police chief Peter Boyle to Arnold: "How do you Soviets deal with all the tension and stress?" Arnold: "Wodka." But the plot is tritely conceived and developed, and the action soon degenerates into a demolition derby.

Degeneration is a process beyond the ambitions of *The Presidio*. It begins at rock bottom and stays there. Military policeman Sean Connery teams with young San Francisco detective Mark Harmon to investigate murder in an officers' club. En route to justice, the two men spar and quarrel – of course – and Connery's daughter Meg Ryan interposes her charmless person to provide the love interest. The film looks, sounds and behaves like a straight-off-the-shelf video. Wait until it is one before viewing.

Nigel Andrews

Laetitia and Rupert Boothe-Brain (Lesley Manville and David Bamber) in Mike Leigh's "High Hopes"

A Man with Connections

ROYAL COURT

The middle manager panicked when he realised he was well below his quarterly target. Ignoring warnings and safety regulations, he cut corners; and the resultant appalling industrial accident caused his own son to lose both hands.

In the subsequent bout of recrimination and reproach with his wife, justification and (on both sides) self-delusion, a picture emerges of patronage, acquisitiveness, jockeying for career advantage, and social obsequiousness. This is the climate where economic pressures dictate all; where a train, overloaded at profit-conscious authority's insistence, might well endanger, and lose, lives. This is world of market forces.

Except that it isn't. This is Soviet Russia; but the message that comes over loud and clear from Alexander Gelman's 1982 play is that systems which go off in opposite directions eventually meet full circle; and that there is little difference, in strained relationships and devalued humanity, between dialectical materialism and the other sort, between the all-pervasive state and the ostensible freedom from government interference that exerts its own inhuman pressures.

Stephen Mulrine's translation and Jenny Killick's direction have been reviewed by Michael Coveney on their home ground. The production is the latest to arrive in Sloane Square from Edinburgh's Traverse, and Bill Paterson's Andrei, the self-justifying manager-cum-guilty-father, plays with a Scots accent which emphasises how much making Moscow miles better might have in common with progress nearer home. (Marty Cruikshank as his distraught wife adopts the tones of the Royal Court's immediate neighbourhood.)

From the moment when Andrei's missing spouse suddenly falls out of the wardrobe, apparently drunk, the production intermittently captures that very Slavonic mix of hilarity and desperation. On the Press night it worked only sporadically: the result was emotionally disjointed, with jolting emotional gear-changes that may be smoothed out in time. Dermot Hayes's set probably looked better in Edinburgh than London, where it looks awkward beyond the call of cramped Russian living-space.

Miss Cruikshank is occasionally moving, Mr Paterson remains one of our best actors. For all its unevenness, the 90-minute play casts a cynically chill light on the layers of protective illusion that people acquire, like extra skins; and the common ground where different forms of dehumanised materialism meet. It is called the jungle.

Martin Hoyle

The Flying Dutchman

GRAND THEATRE, LEEDS

The Flying Dutchman was an early addition to the repertory of Opera North, first staged in Leeds in 1979. It has reappeared now in the company's tenth-anniversary season, revised by Stephen Medcalf. The precise extent of the refurbishment is unclear. Lez Brotherston's sets are described as "after" original designs by Robin Don, though the look of the production has very much a sense of late 1980s brutalism about it – gashed reinforced concrete for the harbour walls, corrugated iron and unadorned lightbulbs for the spinning room in Act 2. It manages to be neither intriguing nor evocative.

Tuesday's first night suggested that the production itself was in at least two minds about its aim, and there was never a sense that the characters had been conceived as part of a coherent view of what *The Flying Dutchman* was about, or even how it might be construed. Each of the principals appeared to have arrived from a different direction, as if there were at least four other notional productions somewhere out there, from which these portrayals had unaccountably strayed. The incongruities hindered almost every section of the opera, and effectively prevented any of its set pieces building any kind of credible tension or sustain dramatic life.

The cast, headed by Donald Maxwell's Dutchman and Kristine Ciesinski's Senta, is potentially a rewarding one. But Mr Maxwell, evidently en route from a production in which Gothic menace was the order of the day, seemed not to be in his freest voice – his sustained singing was effortful, and his tone tended towards a nasal twang. But through sheer persistence and concentration he generated real intensity at the climax of his first-act narration though his encounters with Senta lacked credibility. Miss Ciesinski took a naturalistic line, well sung but fundamentally phlegmatic, even though her ballad had promised something altogether more brittle and excitable.

With Jeffrey Lawton singing well but conceiving Erik as a huntin' and fishin' bore (toting a brace of pheasants on his first appearance), and David Gwynne's Daland turned into a bumbling comic caricature, the supporting roles declined to favour either faction. The chorus sang well, but were staged less convincingly; there was a ship's wheel to steer by (Peter Jeffes a promising Steersman) but no ropes to haul, and such manual labour was evidently not something which came naturally to this particular crew.

Jacek Kasprzyk conducted an uneven account. His view of the overture was decidedly unspacious – not rushed, but lacking any sense of dramatic unfolding – and later he showed a tendency to rush at climaxes, as if sensing the performance needed something to galvanise it. When the production settles down musically, and when some of the more abrasive edges have been knocked off the characters, the evening may gel, though one suspects that it is bound to retain some of its inconsistencies.

Andrew Clements

PLG Young Artists

PURCELL ROOM

The 1989 edition of the Park Lane Group's long-running annual "Young Artists and 20th century Music" enterprise is under way this week. Its *raison d'être* is in the title, and if in advance one was beginning to wonder whether the PLG formula had now outlived its usefulness, Tuesday's two successive concerts provided a swift and satisfying answer, in the form of two new young instrumentalists of high promise, whom one was delighted to encounter for the first time.

The early-evening recital presented Daniel Pailthorpe, aflautist for whom a bright future is easily predicted. He makes a big, brilliant sound – no breathy impurity in the tone, no excrescent vibrato – and projects it, and the music he played, with singularly mature authority and confidence. With Jonathan Papp, a similarly assertive pianist, he brought excellent boldness of viewpoint to Copland's 1971 Duo; the wide-open-spaces introduction was ideally paced, and the rhythmic attack had just the right degree of bounce without edginess. The remainder of his programme included solo flute pieces by Gerhard and Maxwell Davies (the alto-flute Nocturne, beautifully atmospheric), and Dutilleux's Sonatine for flute and piano, a finely shaped competition study of 1942 depicted here in exquisite half-tones and *voix mixte* shades.

In the longer second session, the striking figure was the American saxophonist Kyle Horch, a pupil of (among others) John Harle, who possesses dazzling technical address. Michael Berkeley's *Keening* for saxophone and piano (Pamela Lidiard) is designed to draw out both the bitter and the softly melancholy tones of the instrument, as well as much virtuosity in florid writing, and all of this Mr Horch delivered with cool, relaxed panache.

Perhaps a degree or two more wit might have been discovered in the elegant Gallic clichés of Ida Gotkovsky's suite for sax and piano entitled *Brilliance*, but nothing else was wanting. The other featured player was the English cellist Clive Greensmith, who opened with Alexander Goehr's earnest, not very forthcoming Cello Sonata (1986, first London performance). In Lukas Foss's Capriccio for cello and piano one learned that Mr Greensmith's facility and musicianship are of sterling quality, but his ability to project music to an audience seems to lag a little behind them.

Max Loppert

Fuente Ovejuna

COTTESLOE THEATRE

Stirring times. At last, a great rescue job on a major classic at the National Theatre under Richard Eyre. *Fuente Ovejuna* by Lope de Vega must be one of the least known famous titles in the world repertoire.

The Cheek By Jowl duo of Declan Donnellan (director) and Nick Ormerod (designer), both making National debuts, have wrought a magical variation in the Cottesloe. Seats are ranged in traverse style the length of the auditorium, which now, except for the significant absence of daylight and fresh air, resembles a Spanish *corral* in the Madrid of the Golden Age.

We have the rectangular courtyard, the covered rows of *gradas*, the galleries and swagged boxes, the jutting apron on which sit King Ferdinand and Queen Isabella. They, in the Spanish court black of a Velasquez painting, witness the tale of oppression and uprising in the Andalusian hill town of Fuente Ovejuna, before intervening to adjudicate on a communal confession.

This happened in 1476 during the extended dispute with Portugal. The play, published in 1619, raises the vexed issue of honour. Peasants were not supposed to possess the commodity.

Lope's view of the peasantry, nonetheless, is unambiguously Arcadian. This NT version by Adrian Mitchell, lyrical, vital and rude, invests them with Breughelesque life, animates even the starchy philosophical exchanges on the advent of printing and various amatory tactics. The great thing here is how the love story of the central rape victim, Laurencia (Rachel Joyce), and her brightly ingenious swain Frondoso (Wilbert Johnson), runs in pulsating parallel to the insurgent crescendo.

Today, the play is about reactions to rape. The Golden Age definition of Honour is expanded. At the same time, the various levels of action in the play are faultlessly defined, so that we are keenly interested in the testing of the knightly tyro in the order of Calatrava (Mark Lockyer), and fully informed of the political and military situation.

The villagers are all sharply defined by a whole bevy of notable NT newcomers – the delightful and large Clive Rowe, whose musical comical sob is a key feature of this production, the insistently energetic Joy Richardson, the angrily dazed Katharine Schlesinger whose progress through the festooned wedding feast is one of the most chilling evocations.

The company, many blacks among the whites, seems to be physically supervised by the imposing, drum-banging village mayor Esteban of George Harris

My quibbles would only reside in the area of general projection – too much TV studio-speak – and in the failure of Mitchell's text to indicate Lope's rich polymetrical variety. No sign, for instance, of Laurencia's great sonnet before the tortures commence.

But where Mitchell scores is in his palpable spiritual response to a play that is remarkable for its uncanny prefiguration of the crowd as a character. Soviet Expressionism lives, and three centuries ago.

Donnellan's production joyously celebrates this fact, with an underground populace emerging with their own soundtrack (great music by Paddy Cunneen) to perform an agricultural choreography that will assume a flamenco disguise and be re-defined as murderous conspiracy.

In all this, James Laurenson's sneeringly authoritative Commander, the despised middle man, constitutes a wonderfully austere and bitter classical performance.

Michael Coveney

ARTS GUIDE

January 6-12

EXHIBITIONS

London

The National Gallery. Rembrandt: Art in the Making. A small but highly informative study exhibition, prepared by the Gallery's technical department and centred on the major works by him in the collection, treating on Rembrandt's working methods and materials. Ends Jan 17.

Paris

Louvre. Pavillon de Flore. Rembrandt and his school are on show in two exhibitions at the Louvre. 72 drawings constitute a panorama of Rembrandt's masterly work and can be compared with 54 drawings executed by his pupils. The other exhibition consists of 29 canvases by Rembrandtesque artists and is especially interesting in view of the recent controversy about attributions of some of Rembrandt's own paintings. Both exhibitions closed Tue, the first ends Jan 30, the second March 27. Entry from the Quai des Tuileries, opposite Pontroyal (42 60 39 26).
Galerie Odermatt-Cazeau. Camille Claudel 1864-1943. The sculptor, a disciple and lover of Rodin, whose tragic life inspired a book and now a film, is the subject of an important exhibition. 85 Bis, Rue du Fbg. Saint-Honore (42663258). Closed Sundays. Ends Jan 31.
Centre Georges Pompidou. Tinguely's tinkering genius sets his machines swirling and whirring in a riot of colours, yet the mood of the 100 exhibits moves from the exuberance of invention to metaphysical preoccupations. Closed Tue, Ends March 27 (42 77 12 33).

Brussels

Musées Royaux d'Art et d'Histoire, Parc Cinquantenaire. China, Heaven and Earth, 5,000 years of Invention and Discovery. Instruments and artworks largely from collections in Belgium, China and Britain. Ends Jan 16. Closed Monday.
CGER. The Fifties in Brussels, a nostalgic look at 50s Kitsch. Open daily. 12 Rue des Boiteux. Ends Jan 15.

Berlin

Brucke Museum. Emil Nolde (1857-1956). The exhibition concentrates on Nolde's most creative period in Berlin between 1910-1911. There are about 125 pictures, aquarelles, lithographs and etchings. Bussardsteig 9. Ends Feb 5.

Stuttgart

Stuttgart Museum. The most important pictures of the famous Thyssen-Bornemisza collection covering the period between 14th-18th century as well as works by Holbein the youngest, Frans Hals, Peter Paul Rubens and Albrecht Durer. Until March.

Darmstadt

Hessisches Landesmuseum. Glassworks and paintings of the British artist Brian Clarke will be seen for the first time in Germany. He made his name with his lead glass windows, for the new synagogue in Darmstadt. Ends Jan 29.

Vienna

Kunsthistoriches Museum. Prague 1600 – A marvellous exhibition looking at the court of Rudolf 11, the great patron, not only of the arts but also the sciences. He kept Johannes Kepler, the astronomer from near starvation, and made Prague a centre of learning and culture. Ends Feb 26.
Oesterreichisches Museum fur Angewandte Kunst. Works by the Austrian artist Peter Weibel are on show until Jan 30.
Museum der 20 Jahrhunderts. Klassische Moderne – a collection of the Museum's contemporary art. Ends March 7 1989.
Hermes Villa. Portraits by the fin-de-siècle artists, Gustav Klimt and Emilie Floege. Ends Feb 19.

Rome

Galleria Nazionale d'arte Moderna. Witty conceptual art by one of the best of the middle generation of Italian artists, Giulio Paolini, born in Genoa in 1940. Until Feb 26

New York

Metropolitan Museum of Art. More than 100 works by south-west American artist Georgia O'Keeffe will cover the range of her career, focusing on her influential abstracts, flower paintings and stark desert landscapes. Half of the works are from the estate of the artist, who died in 1986. Ends Feb 5

National Gallery. Phillips Collection. The modern vision of the pastoral landscape, with works by Gainsborough, Constable, Eakins and Cezanne, among others, is part of an unprecedented 136-work, two part show, the other half of which, depicting landscapes of five centuries, is at the Washington National Gallery. Ends Jan 22.

Chicago

Art Institute. Dante Gabriel Rossetti, J.E. Millais, Edward Burne-Jones and Simeon Solomon take centre stage for this British drawings show, called "From the Ridiculous to the Sublime," which covers a century from Thomas Rowlandson's satires through Turner and Lear to the pre-Raphaelites. Ends March.

Washington

National Gallery. Seven Centuries of Japanese Art, as it evolved under the feudal *daimyo* lords is the subject of a major exhibition of 450 specially designated Japanese national treasures, including paintings, sculpture, swords, painted scrolls, ceramics, robes and lacquer. Ends Jan 23.

Tokyo

Teien Museum. Paintings by Leonard Fujita. Fujita (1886-1968) was one of the first Japanese artists to live and work in France and his arrival in Paris in 1913 coincided with the first flowering of modernism. This representative selection of 40 oil paintings is drawn from all periods of his long career. Closed Mondays.

RSC's streamlined plans for 1989

A new production of *Romeo and Juliet* directed by Terry Hands; John Wood appearing in Ibsen's *The Master Builder*; the American comedy *The Man Who Came to Dinner* by Gerald Kaufman; and a new adaptation of *A Clockwork Orange* are among the highlights of the 1989 Royal Shakespeare Company year, announced yesterday.

The RSC has revised its working practices. Actors are increasingly reluctant to commit themselves for two years so a one year structure has been perfected which ensures that productions that open in Stratford in the spring will be transferred to the Barbican in London in the autumn, perhaps with a regional tour in between.

One result of the streamlining is that the RSC is presenting more plays by Shakespeare than in any previous year – 14 in all. Among the new productions are *A Midsummer Nights Dream*, which opens the Stratford season on March 30; *Hamlet*, with Mark Rylance as the Prince, which has just completed a national tour; *Cymbeline*, last in the main house ten years ago; and *As You Like It*, with Harriet Walter as Rosalind.

Among the new plays are *Mary and Lizzie* by Frank McGuinness and *Some Americans Abroad* by Richard Nelson. The successful presentation of *The Plantagenets*, seen last year at Stratford, starts the Barbican season on March 16. It is directed by Adrian Noble who will act as artistic director in London for 1989. Other notable productions, in a repertoire which begins to appear predictable, are *Dr Faustus*, *The Duchess of Malfi* and *The Silent Woman*, all at the Swan in Stratford. The RSC's third Stratford venue, The Other Place, will be closed this year for rebuilding but should open in 1990.

Terry Hands, the director of the RSC, went against the current trends by appealing for more subsidy as opposed to sponsorship money. He naturally welcomed the aid the RSC received from sponsors, such as the Royal Insurance and English Estates, but felt that the pendulum had swung too much towards self help.

Antony Thorncroft

FINANCIAL TIMES

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Thursday January 12 1989

A test for the UN

THE DECLARATION issued yesterday at the end of the Paris conference on chemical weapons will not bring back to life any of the thousands of victims those weapons have claimed in the last few years. Nor does it hold out any hope that those who used the weapons – foremost among them the Iraqi Government – will be punished in any way that could act as a serious deterrent to future would-be users. That is no surprise given that those users, actual and potential, were participants in the conference and that the final declaration had to be adopted by consensus.

That being the case, the declaration goes further than expected. It does, at least, refer to "recent violations as established and condemned by the competent organs of the United Nations," which covers the use of chemical weapons in the Iran-Iraq war, though not the use by Iraq against its own Kurdish citizens.

Perhaps more significantly, the 149 states participating in the conference "reaffirm their full support for the (UN) Secretary General in carrying out his responsibilities for investigations in the event of alleged violations" of the 1925 Geneva Protocol banning the use of chemical weapons. Last September, both Iraq and Turkey refused to admit investigators appointed by the Secretary General to look into the allegations about Iraq's use of chemical weapons against the Kurds. It should be more difficult for them, or for other states similarly placed, to behave like that in the future.

Appropriate steps

Perhaps that gives a little more meaning to the "appropriate and effective steps" to be taken by the UN "in conformity with its Charter" (an ever-so-delicate hint at sanctions) than there was in the "appropriate and effective action" against future users of chemical weapons threatened by the Security Council last August.

The Security Council members must be well aware that their failure to act then on the Kurdish allegations casts grave doubt on the credibility of any declaration adopted now. If they are at all serious about the words so arduously negotiated in Paris, they must be prepared for some state, somewhere in the world, to put them to the test, and this time they must be ready with real sanctions that are seen to bite.

Of course, prevention is better than cure. Those who do not have chemical weapons cannot use them. The industrialised countries, especially the US, have reacted to some Third World governments' recent use of such weapons by seeking at least to prevent other Third World countries from acquiring or manufacturing them. But they have found it difficult to get this objective endorsed by Third World governments, especially when the US is known to be equipping itself with "binary" chemical weapons of the most modern and deadliest type.

Soviet intentions

The reaction of the Third World has been to urge the industrialised countries of both East and West to redouble their efforts to conclude a convention banning all production and stockpiling of chemical weapons everywhere, at the earliest possible date.

Whatever the misgivings of military men on either side, there is no longer any reason to doubt the desire of political leaders in both East and West to do this – especially after Mr Shevardnadze's speech to the conference last Sunday, when he said that the Soviet Union intended to begin destroying its own stocks of chemical weapons this year.

The remaining problems are technical, but of genuine and great difficulty. The nature of chemical weapons is such that a treaty banning them can only be effectively verified by making virtually any factory subject to inspection at a moment's notice.

Such intrusiveness will probably prove even less welcome to Third World governments, and to private firms in the West, than it is to the Soviet Union in the age of glasnost. But the Third World has effectively served notice that a worldwide ban is the only alternative to further proliferation. The Northern governments, and their negotiators in Geneva, can only take note.

Rules for the power game

THE FRAMEWORK established by the Thatcher Government for regulating a privatised electricity industry shows that it has learned from its mistakes in the sale of gas and telecommunications.

The four different types of licence for electricity companies after privatisation are complex and give wide general powers to the regulator. Drafts of these licences show that the Government has moved far from its presumption during the British Gas flotation that the regulator should keep his nose out of the industry's business as much as possible. Ministers now see that in large monopoly industries competition will remain feeble unless the regulator combines strong powers with eternal vigilance.

This is especially true in electricity, where the Government's hope of creating a vigorous wholesale market will depend largely on whether the regulatory apparatus can discourage collusion while ensuring that power lines are opened at a fair price to all comers. The regulations rightly insist that tariff structures must reflect costs, although this sets a formidable task for the industry and its supervisor.

Several conflicts

The electricity regulations must deal with several conflicts created by the Government's plan to divide the industry horizontally into generating and distribution companies. The most important is the conflict between the obligation laid upon distribution companies to meet all reasonable demand in their franchise areas and the intention to open the industrial market to free competition.

Distribution companies must contract for new power stations to meet forecast demand. But if some larger users remove their custom, the utility may be stranded with capital charges for unwanted plant. It may then try to load this fixed cost on to captive domestic customers, or it may be tempted to order too little plant.

The regulations must tread a narrow line in apportioning this capital risk. Prudently ordered new plant represents an insurance that consumers should pay for, even when it is not needed as soon as expected. But domestic customers should not pay for unnecessary plant used to compete in an industrial market where prices may represent little more than the cost of fuel.

The licences address this difficulty by giving the regulator oversight of industry's ordering strategy. They also require strict separation between parts of a business serving the regulated market and that selling into the much freer industrial market.

Distribution companies will be allowed to pass on only a proportion of their cost increases and a proportion of the increases for the industry as a whole. This could protect consumers against bad decisions by a particular supplier. But the degree of protection will remain uncertain until ministers decide the actual proportions governing the pass through of capital and fuel costs.

Vertical integration

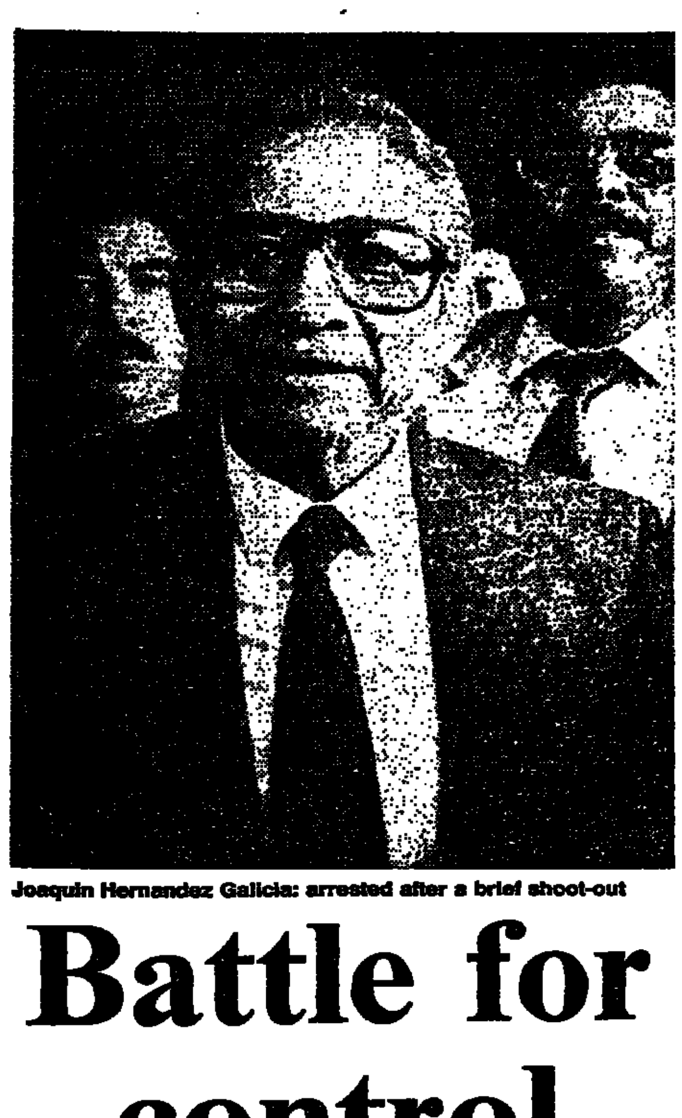
The extent to which this structure will allow wholesale competition to develop also remains uncertain until details of contracts between generators and distributors emerge, along with a clearer picture of how the new National Grid company will control the operation of power plant.

One possibility is that, despite the rhetoric of competition and a complex regulatory structure to foster it, distribution companies will soon become the effective owners of power stations through long-term contracts by which they pay all the capital costs and are entitled to all the output. This would be a new form of vertical integration in which competition was confined mainly to the bidding for new plant.

However it turns out, the new system will certainly be much more open to public and regulatory scrutiny, with much stronger financial pressures bearing down on capital spending. This might result in a more efficient allocation of capital, but it also creates a danger of short-termism from which the regulator, with all his panoply of powers, could scarcely protect the customer.

Battle for control

Richard Johns reports on the dramatic confrontation in Mexico between President Salinas and the oil workers' union



Joaquin Hernandez Galicia: arrested after a brief shoot-out

Eight days ago, Mr Joaquin Hernandez Galicia, the formidable president for life of the Mexican oil workers' union, went to the Palacio Nacional to give customary New Year salutations to the recently inaugurated President Carlos Salinas de Gortari. On emerging, he expressed his support for the new administration – but not without a cautionary warning.

If the Government tried "to dispose of one millimetre of the petroleum industry to the private sector," then the Union of the Oil Workers of the Mexican Revolution (STPRM) would strike, he said.

The comments made by this powerful *cacique* (boss) of the Mexican labour movement were reminiscent of those he uttered in 1983, after the accession of Miguel de la Madrid, the last head of state whose candidature he had opposed, as he did that of President Salinas. "President de la Madrid will have to become a friend of the oil workers, whether he likes it or not," said the union chieftain known as La Quina.

Unlike in 1983, La Quina's tough words this time were followed by a tough reaction. Although senior officials of Petroleos Mexicanos (Pemex) are sure there are no plans to divest the state oil corporation of anything but peripheral petrochemical plants, Mr Hernandez on Tuesday was incarcerated with three of his henchmen after a brief shoot-out at his residence near Tampico.

By boldly having him arrested and charged along with 33 others for conspiring against state security, President Salinas has initiated a major confrontation. It threatens to be bloody, damaging to the economy and politically destabilising. A foretaste yesterday was the near shut-down of the country's vital oil industry as workers struck in support of their leader.

President Salinas has taken a calculated risk in a bid to establish the Government's full authority over an industry that accounts for 45 per cent of exports. He has taken the initiative despite being the first Mexican leader in recent history to come to office with a small parliamentary majority. But he has surprise on his side and if he wins he will emerge with considerably enhanced power. If he loses, he will find it hard to govern with any authority.

Whatever happens, the position of the ruling Institutional Revolutionary Party (PRI), is unlikely to be the same: an essential pillar of the corporatist state of the past 59 years has been the near incestuous relationship between the succession of PRI governments and organised labour.

For at least two decades, La Quina has asserted complete control over the STPRM. In that period, first as secretary general and subsequently as president, he has posed an implicit threat to successive governments through his potential as virtual dictator of the petroleum workers to cut off the economic lifeblood of the country. Together with the veteran Mr Fidel Velasquez, head of the Confederation of Mexican Workers (CTM), to which the STPRM is affiliated, he has been the second most powerful man in the land, after the head of state himself.

Troops have moved against Mexican oil workers twice in the past, in 1946 and 1959. Since then there has been no strike and under La Quina the union's power has enabled the STPRM and its privileged workers to obtain what they want without any overt threat to withdraw their labour.

Even before he had established his authority over the closed-shop union, the STPRM had gained massive wealth as a business conglomerate fronted by a company called Grupo Serba. By the time Mr de la Madrid assumed leadership of the country, the oil workers' union had obtained the right, through its own front companies, to carry out 40 per cent of drilling contracts awarded by Petroleos Mexicanos and 50 per cent of the state oil corporation's other projects. It did not have the technical expertise for much of the work – particularly offshore drilling – and so has subcontracted the work out to companies which have paid a fee of up to 25 per cent of the eventual gross cost of projects, to the detriment of the Treasury and Pemex.

The companies' wealth – and that of the union leaders – is unknown. But one foreign drilling company chief yesterday seriously hazarded the guess that it was more than the assets of the state oil corporation itself.

Mr de la Madrid initially focused his "moral renovation" campaign on the country's most vital industry. Under him came the prosecution and conviction of Mr Jorge Diez Serrano, the former head of Pemex, in 1983 on \$34m corruption charges relating to the purchase of oil tankers.

Before his campaign fizzled out, Mr de la Madrid did succeed, though by no means completely, in drastically cutting back on the union's grasp on lucrative Pemex contracts – but not the more lucrative offshore ones. Instrumental in bringing about this limited success was Mr Salinas who was then Minister of Planning and the Budget.

A vicious personal vendetta on either side was a major factor in Tuesday's dramatic showdown. Both before Salinas's nomination as the PRI presidential candidate and during his campaign, La Quina made his distaste for Mr de la Madrid's chosen successor quite clear. And then in the general election of July last year, Mr Hernandez told his rank-and-file they could vote for whom they wanted. The evidence is that many oil workers opted for Mr Cuahtemoc Cardenas, leader of the broad left National Democratic Front (FDN) coalition. Subsequently union members in the Chamber of Deputies made allegations of corruption against Mr Mario Ramon Beteta, director-general of Pemex from 1962 to 1967, in what was generally seen as an attempt to embarrass Salinas before his inauguration.

Vendetta apart, however, there has long been a broad consensus in Mexico that the "state within a state" represented by the oil workers' union would have to be curbed or crushed if both moral renovation and economic reforms were to be implemented.

Its power has been a major obstacle barring the way to Pemex's efforts to improve efficiency and profitability. This in turn has redounded badly on the state's finances – 40 per cent of which this year were to have come from oil revenue (though in the event the proportion will be smaller because of the collapse of oil prices). Overmanning and high labour costs, together with the Treasury's financial demands, have been the main reason why Pemex's exploration and development spending have been inadequate to replace declining hydrocarbon reserves.

The life style of Mr Salvador Baragan Camacho, the present secretary general of STPRM, remains notorious. He was publicly denounced by a rival oil workers' leader for having hired Boeing 737s to fly himself, his cronies and their wives and girl friends to Las Vegas for weekends – and on one occasion at least to have sent the aircraft back to Mexico to collect more money.

Despite being a technocratic moderniser – and ruthless to boot – it was unclear if and when Salinas would confront the vested interests of the powerful unions, in particular the STPRM and the equally recalcitrant teachers' union led by Mr Jonguitud Barrios. Given the doubtful nature of his mandate deriving from last year's flawed election and his less than complete command of the PRI, the assumption was that he would leave a showdown until his administration could point to signs of economic recovery.

Any meaningful and early resumption of growth, in itself dependent on renegotiation of the country's debt, seems unlikely. And, of course, one of the main impediments facing this major objective of the Government is the entrenched power of the unions. A further complication is that, with the 50 per cent decline in real incomes during the De la Madrid era, the authority of the union bosses and their ability to agree to painful austerity measures – like the March-December wage freeze last year – is being diminished.

The immediate worry is a prolonged stoppage of oil production and exports which would almost certainly result in a further outflow of capital and a devaluation of the peso, undermining the economic stabilisation programme. There is also disconcerting speculation about the reaction of the Armed Forces. However, Mr Salinas is a man who plans carefully, is conscious of the risks and believes he can win.

BOOK REVIEW

The muddle of London

LONDON 2001

By Peter Hall

Unwin Hyman, £12.95

Anyone struggling in the London traffic or jammed into the inadequate Underground system must be worried about the future of London.

A conference last month of planners and architects was addressed by Mr Francis Tibbalds, president of the Royal Town Planning Institute. He asked his audience to recall the grim, brutal, soulless, uncaring London that was portrayed in George Orwell's 1984. Mr Tibbalds went on to say: "My vision of London is this – I fear the city is drifting towards a 1984-style, dirty, threatening, public environment with travel almost impossible, and with countless people living on the streets, but with a few incongruous set pieces like escapist islands in a sea of pollution. In short, an environment of private affluence and public squalor, and with no effective means of controlling it."

These are strong and alarming words from the head of the British planning profession whose vision of life in the capital has all the qualities of a nightmare.

A new book by Professor Peter Hall takes a calmer but far from satisfactory view. It was 25 years ago that Professor Hall wrote London 2000, which was an influential tract for the times when official planning was optimistically seen as the panacea for urban ills. He then advocated long-term strategic planning of employment, housing, transport, redevelopment and administration. All his projections and plans were confidently based on the premise that by the year 2000 there would be major increases in population and employment.

In his new book the author disarmingly admits how wrong he was in 1963. There has been a major decline in both jobs and population in the London region because of significant migrations to the wider purlieus of the whole of the south-east. London has become more of a region than a city. Greater London itself has not spread because of the tight corset of the Green Belt. Instead growth has leapfrogged the protected countryside and is scattered over a very wide area.

These facts force the question to be asked: what did the bureaucratic planning system, the Greater London Development Plan of 1974, and the strategies of the sixties achieve?

Peter Hall sees on the credit side three major new towns (Milton Keynes, Northampton and Peterborough), "some town expansions of high quality", the achievement of the radial motorway (which was originally proposed in 1944), a score of country parks and a more serious attitude to urban conservation.

On the debit side, the last 30 years have seen: "a formless inadequately planned sprawl of offices out from central London . . . traffic congealing to a stop in the centre and along the main arteries . . . ugly, dispiriting, demoralising suburbs springing like fungi from every old town within 60 miles of St Paul's."

Hall's thesis is that the events of the last three decades and the attack by the Thatcher Government on regional planning as a discredited notion of the 1960s makes strategic planning for the future more, not less, crucial.

Hall would like to see the south-east region run like a German *land* but with what he calls a "slimline bureaucracy." His book claims to be apolitical, but so many of his arguments require political decisions to be made that his independence looks naive. But his careful statistical approach, his geographical turn of mind which sees London as an ever-changing map, make this a fascinating book.

It is a relief to read a book about planning the city and region that is not a polemic but a careful and thoughtful, if speculative look at the future. Professor Hall's lack of confidence in *laissez-faire* planning and leaving things to market forces is well illustrated by the muddle of the London Docklands. Lack of planned infrastructure and housing policy has spoiled the overall success of a project which has transformed a derelict region. But he feels success could be dragged from the jaws of failure.

Docklands and the Urban Development Corporations have forced the development industry into new and more imaginative entrepreneurial guises. He hopes that there will be an almost Victorian willingness to commit private capital to major infrastructure projects in London on the scale of the Channel Tunnel. His proposal for a tunnelled main route under the Thames and a south London Southway has the vision that may appeal to the development industry.

London today shows both the good and bad sides of the curious mixture of plan and non-plan in our development control system. There is, in the professor's view, no one giving a clear lead on the planning and organisation of a mature capitalist economy.

London in its present chronic muddle is only one symptom of the lack of a partnership between state and private planning. An *economie concertée* is what is needed. This book makes a good case for it and should be read by both politicians and developers.

Colin Amery

OBSERVER

Diplomatic signals

■ The announcement that George Bush will attend Emperor Hirohito's funeral may have sent a few diplomatic tremors round other capitals. For he will attend in his capacity as President, not President-elect nor as the Vice-President who always seemed to be to standing in at funerals for President Reagan. The Hirohito ceremony is not till February 24.

Besides, the announcement was accompanied by a statement from the State Department that the US relationship with Japan was its "most important bilateral relationship in the world."

One can play semantics with the wording. The US relationship with Britain is usually described as "special" rather than "important," and the relationship with Europe is multilateral rather than bilateral. Still, it looks like a new departure. Previously it was largely Mike Mansfield, the outgoing US Ambassador to Tokyo, who used to make such claims about the US and Japan. It looks as if he may have won his last battle. And one wonders which other leaders will now decide to go to the funeral after all.

Laing's coup

■ Sir Hector Laing, the chairman of United Biscuits, is extremely pleased with his latest recruit. Thomas Hunt Wyman has agreed to join the board of United Biscuits (Holdings) plc as a non-executive director, and also to be chairman of the Group's American subsidiary, UB (Holdings) US.

"It's because he knows everybody in America that it's so good," Laing says. They have also known each other since the mid-1970s. About a year ago, Wyman was sitting behind Laing on a Concorde flight to the US, so Laing decided to sound him out. Wyman said he would think it over and eventually agreed.

The Wyman list of appointments, past and present, is formidable. Now 59, he has been president and chief executive of Green Giant, and chairman and chief executive of CBS. He now sits on the boards of AT&T and General Motors and is a non-executive director of ICI.

Laing says that Wyman will only have to put in a day or two a week for UB, but it is the connections that count. "He was the very first man that came to mind." In the last few days movements in UB shares have been quiet, but the company could be on someone's takeover list. It may help to have Wyman around for the defence.

Grosz spoof

■ Hungary's satirical magazine, Ludas Matyi, has just run an exclusive interview with Karoly Grosz, the party leader. Although it reveals little that is new, Hungarians lapped it up. Grosz talks about his busy working life: 330 hours a month, from 7.30 am to 7.30 pm. "I usually fall asleep during the news," he said.

The interview was, in fact, a spoof. What is striking is that the Hungarian authorities have not so far objected.

Pop President

■ A television chat show host may be the next President of Brazil.

Silvio Santos, a 57-year-old entertainer, has emerged as the choice of nearly one in four voters in a 5,000 sample poll conducted in more than 250 Brazilian towns. The Latin America watchers, the local political commentators, as well as our correspondent in Rio, all say that the chances of his running, and possibly even winning, must be taken seriously.

"If you're actively looking for work, what are you doing here?"

Santos is nationally known for his highly popular, deeply down-market family variety show, and has not yet held public office. Yet he fits the Brazilian tradition of rags-to-riches growth. He started as a street vendor and now controls a multi-million dollar television network. He could also become the standard bearer for the right.

A poll taken by Ibope, Brazil's best-known opinion researchers, suggests that 24.1 per cent of the electorate would vote for him if he stood. That was well ahead of the two main left-wing candidates: Leonel Brizola, the ex-Rio Governor, polled 16.7 per cent, and Luiz Inacio Lula da Silva of the Workers' Party only 11.2 per cent.

The presidential election is 11 months away. It was the strong performance of the left in last November's municipal elections, however, that has left the political right floundering for a candidate. Santos offers competence, enterprise and the common touch.

"It's almost because he has no political track record that he is such a popular choice," the commentators say. And at least the prizes that he offers in his television programme are actually delivered.

Football talk

■ Odd how clichés creep into the vocabulary. One of the latest is about the need for a level playing field. Not long ago it was about not moving the goal posts. But if the playing field is level, can the goal posts be flexible? That is a difficult question: better to stick to plain language.

Hammond's seat

■ What to do about Eric Hammond? The debut of the general secretary of the rebel EETPU electricians' union at yesterday's tripartite National Economic Development Council raised a delicate question of *placement* at the NEDC's round conference table.

Hammond, whose union was expelled from the TUC last year, could hardly sit with the brothers from Congress House. Nor could he squeeze in among the government and industry representatives, however much some of them may have liked to have had him.

The compromise finally chosen was to settle him among the "neutral" members of Neddy, close to Robin Leigh-Pemberton, the Governor of the Bank of England.

Harsh law

■ "What is the penalty for bigamy?" someone asked sternly. Answer: "Two mothers-in-law."

David Marsh meets Klaus Töpfer, the West German Environment Minister

A delicate balancing act

Klaus Töpfer, 50, the West German Environment Minister, is at the centre of permanent conflict over balancing ecological and industrial priorities in western Europe's largest economy. Because of unusual German sensitivities over the environment, pressures tend to be more acute than elsewhere in Europe.

The electorate and the Opposition Social Democratic (SPD) and Green parties, sensitised by a string of well-publicised environmental mishaps in the last few years, are calling for even tougher restrictions on pollution of land, water and air, as well as the closure of nuclear power stations.

At the same time, Mr Töpfer is responsible for nuclear safety and is being jostled by a new row over a hushed-up nuclear mishap at the Biblis nuclear power station in Hesse at the end of 1987 which, critics allege, represented the first stage to a core meltdown.

West German industry, on the other hand, points out that environmental regulations in other EC countries are generally less strict, and claims further tightening could bring it disadvantages as the post-1992 integrated market approaches. Industry estimates that in 1987 it spent DM 22bn (£6.8bn) on environmental protection (investment and operating costs) and complains that it is being loaded with much higher costs than competitor countries.

Nicknamed "Katastrophen-Klaus" (Catastrophe-Klaus) on account of his tendency to race to the scene of ecological accidents, Mr Töpfer energetically puts forward the doctrine that a vigorous approach to the environment "represents the only permanent way to safeguard jobs and industry in the modern world . . . Improvements in the environment produce a pay-back.

"It is our goal to use tough, calculable environmental measures to produce technological progress. All the evidence shows that countries which have lax policies on protection of the environment have to pay dearly in the end for any possible advantages this gives them."

Mr Töpfer's view appears to be born out by the extremely healthy growth and profit record of the big three chemical companies during the last few years. Chemical giants Hoechst, BASF and Bayer say that, so far, extra environmental costs have been absorbed by general buoyancy of the world chemical industry. They admit that German economic consciousness has helped by propelling them into higher value added production. But they believe the industry will face financial strains if environmental costs rise as a chemical downturn appears.

Mr Töpfer admits he is under fire from West German companies complaining about lack of harmonisation on pollution control in the EC. For instance, the oil sector complains that tougher German emission standards add DM 4 to DM 5 a tonne to the cost of refining crude. But, although German industry has been spending heavily on foreign investment – in expanding areas of the EC like Spain as well as the US – Mr Töpfer says he detects no "emigration" as result of differences in environmental standards. And he adds bluntly that countries in the EC which operate less rigid standards will have to catch up later.

Recognising, like many in government, industry and the populace, that West Germany's approach on the environment was inadequate until the 1970s, Mr Töpfer says, "We saw this in the post-Second World War recovery of the German economy. A lot of recovery was carried out at a price to nature. This has produced a lot of harm – contaminated industry sites and so on – which cost much more to clear up now than if we had tackled the problems from the start."

As a sign of West Germany's former lag, the word *Umwelt* (environment) only came into use in the Government in 1970. This marked the birth of a department for environmental protection (*Umweltschutz*) – its name translated directly from the English term – at the Interior Ministry. This looked after environmental affairs until 1986 when Chancellor Helmut Kohl was forced to set up a separate ministry, after the Chernobyl nuclear accident.

Mr Töpfer took over the job from Mr Walter Wallmann (now Prime Minister of Hesse) in May last year. There is no doubting his energy. Indeed, he is frequently accused by the Opposition of concentrating too much on public relations.

Klaus Töpfer: a tough approach to the environment

During the last few months he has been photographed swimming across the Rhine (to indicate the innocuousness of the water in spite of successive river pollution affairs) and administering solace on the North Sea coast over seals killed by algae.

He has multiplied efforts to reduce industrial output of the fluorochloro-carbons which deplete the ozone layer; held talks on reducing imports of wood from threatened tropical forests; and travelled all over Europe to persuade other countries to follow the German environmental line.

"It is interesting to see that every time I cross a border – in West and East – the Federal Republic is regarded and welcomed as working on the front line of environmental efforts," he says.

For the first time, his Ministry is working on providing financial support for pilot plants to lower air and water pollution in East Germany. Because so much of West Germany's air pollution comes from the East, this represents straightforward economic interest.

Why is the Federal Republic so much more worried about the environment than other countries? Mr Töpfer first gives the argument about West Germany being a densely-populated heavily industrialised country with a vociferous Green party. Then he gives another reason. "Under the surface, many Germans have a guilty conscience about having achieved such a high living standard in such a short time (since the Second World War)."

Over EC harmonisation, Mr Töpfer makes the distinction between national controls on emissions and on environmental standards in products or food. In the former, West Germany is free to adopt tougher standards than other members, although industry tends to complain. In the latter, he points out, Bonn's efforts to protect consumers by pressing for tougher norms are viewed by the rest of the EC as a form of non-tariff barrier.

Such conflict was shown in sharp criticism of Mr Töpfer by the SPD in December for diluting efforts to set stringent standards for car pollution. At a November conference of EC Environment Ministers in Brussels, West Germany had to back away from fiscal incentives to support sales of smaller cars equipped with catalytic convertors.

The European Court of Justice is now examining whether the tax break scheme – as other member countries suggest – constitutes a breach of free trade. Mr Töpfer is now appealing to German car makers to make a voluntary commitment only to produce cars equipped with catalysts.

Mr Töpfer says he is "not content" with progress on a Community-wide directive to reduce emissions of sulphur and nitrogen oxides from power stations and industrial plants. Agreement was reached in June on bringing in EC-wide reductions from 1993 onwards – nearly a decade after West Germany's own restrictions on were imposed. He also criticises Britain for not yet signing an agreement, reached as part of the Helsinki process, among countries from East and West Europe to reduce sulphur dioxide emissions by 30 per cent up to 1993.

Mr Töpfer's main advantages are stamina and a thorough knowledge of his subject, which he acquired in his years as a university professor and as a state secretary and minister in the state government of Rhineland Palatinate. His weaknesses are in his lack of a strong political power base and his indirect power over events in the federal states.

Mr Wallmann, however, made use of the profile he built up at the Environment Ministry to win a resounding success in Hesse state election last year. Mr Töpfer looks like being selected by the Christian Democrats to run in the key Saar election in 1990 against Mr Oskar Lafontaine, the mercurial Saar Prime Minister, who is one of the leading lights in the SPD.

For the moment, Mr Töpfer says he wants to make a success of his Bonn job, and sidesteps questions about 1990. But, assuming he runs, the Töpfer-Lafontaine contest could be every bit as interesting as the West German general election at the end of that year.

Economic Viewpoint

No tax cuts, we're British, once again

By Samuel Brittan

Mainstream participants in the British economic debate are masochists when it comes to tax and cry-babies when it comes to monetary policy.

The Budget surplus in both this and the next financial year are likely to be in the £10bn-£15bn bracket, given any remotely likely Budget – although the Treasury may try to present the figures in a conservative way.

So far from fiscal policy not having been used, the public sector balance has tightened over the last couple of years by over 4 per cent of gross domestic product. The Chancellor has been ready not only to allow the automatic stabilisers, which swing the Budget into surplus in a boom, to work. He has taken the further step of aiming in the next fiscal year for a surplus at least as good as he achieved in the preceding one – a step only sensible, of course, during a strong upturn.

Because of the way the fiscal policy works, it is possible to make so-called tax cuts without reducing the likely Budget surplus. I say "so-called" because with a progressive tax system, adjusted only for inflation but not real growth, the tax take rises as a proportion of national income if the Chancellor does nothing about it.

Ignorance of this feature - known by the horrible name of "real fiscal drag" – contributes to fiscal masochism.

It would be nice to leave the matter there. But there are, as ever, arguments about the appropriate figures. The official estimate for real fiscal drag is believed to be only around £1bn for income tax in a normal year. This seems rather low, even accepting that the buoyancy of the revenue in a year of abnormally rapid growth should not be cashed in as tax adjustments.

In any case, there are important further sources of revenue gain. Corporation tax receipts rise faster than the national income: (a) because the structure of the allowances works so that the marginal rate of corporation tax is much higher than the average or effective rate for a typical company, and (b) since the end of stock relief corporation tax is not at all indexed against inflation.

This is not however the time for corporate reliefs. For, as Donald Franklin reminds us in his excellent Schroders Economic Perspective, corporate sector margins are now at a 30 year high, "so there is ample scope for a margin squeeze, which could bring a dramatic reduction in inflation and the trade deficit during 1989."

But to come back to the fiscal outlook: the Government has succeeded in containing the rise of public expenditure below the growth of GDP, which boosts the Budget surplus, over and above fiscal drag. Taking everything together, the 1988 Budget Red Book projected (on different assumptions to those now appropriate) a "fiscal adjustment" of £3bn for 1989-90.

Even if a higher adjustment, say £5bn, were consistent with an unchanged surplus, the Chancellor would hardly dare to act on it. For why bother to adjust the tax burden downwards if you get politically crucified for your pains? Even £3bn could be politically risky.

Nevertheless, a discretionary fiscal tightening, over and above the very large automatic tightening that has already taken place, is likely to be destabilising. Its main effects, if any, will come with some delay when the economy is already slowing down.

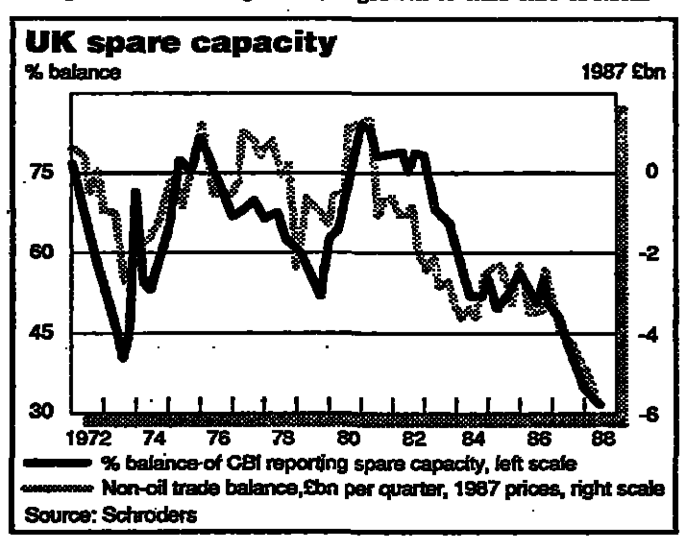
Mention of slowdown is indeed appropriate. For the biggest danger facing the Government's counter-inflationary policy, is that, on the pretext that growth is slowing down, interest rates will be reduced prematurely or excessively – more likely the latter.

The discussions about hard and soft landings have been far too much in terms of real growth – as in the days of neo-Keynesian growthmanship – and not enough in terms of levels of capacity operation.

How many people remember the NAIRU – the non-accelerating rate of unemployment? That rate is, we must hope, well below the 1986 peak of 3.1m But for all we know it could well be above the current 2.1m level (7.5 per cent of the labour force). It is sad if this is so. But many other labour market indicators suggest labour shortages near the scale of previous inflationary booms.

The pressures on plant capacity are well brought out by the chart, which shows that the amount of idle capacity reported in CBI Surveys is now lower even than in the Barber boom of 1973. Recent improvements in efficiency may make it easier for companies to work close to capacity; but no one knows how much closer.

If the economy is working too near to capacity, a soft landing may not be achievable and some quarters of low or negative real growth unavoidable. The Government's role is not to prejudge the issue, but to stick to its nominal framework – in practice a combination of objectives for cash spending and the exchange rate – and to leave real growth to take care of itself.



LETTERS

Organic farming

From Mr Bill Starling.

Sir, What a pity David Richardson (Farmers' Viewpoint, January 10) did not attend the conference, organised by British Organic Farmers, to which Prince Charles's recent remarks were addressed.

Mr Richardson would have realised that modern organic farming is much more than conventional farming without the chemicals.

It is a complete agricultural system which, if examined piecemeal, may lead to misconceptions such as his comments on leaching. (When looked at over a complete rotation of seven to eight years, organic systems are found to leach less than half the nitrates lost by an intensive chemical system.)

Agriculture has a fundamental impact on our environment. With chemical farming that impact is often detrimental, with pollution risk, loss of wildlife habitat and loss of aesthetic quality. The conference papers by Friends of the Earth and the Royal Society for the Protection of Birds showed that the important environmental organisations now recognise that organic farming has a more benign effect.

The bogy of food shortages, if too many farmers change to organic methods, does not bear examination. The Ministry of Agriculture continues to talk about the increasing acreage needing to be taken out of production in order to curb food surpluses.

Today's chemical farming outputs are the result of over 40 years of intensive research and development. Steps are only now being taken to expand the scientific and technical knowledge available to improve production under organic regimes.

Organic farming is not merely a way of producing high quality food, without the perceived risks of chemical residues and with a more ethical approach to livestock husbandry. It is also a positive way to help overcome many of today's environmental problems, and develop agricultural practices more acceptable to the general public which, rightly or wrongly, is unhappy about the more extreme aspects of conventional agriculture.

That it is viable is demonstrated by the growing number of farmers (over 400) registered under the Soil Association's Symbol Scheme for organic quality, and the growing number of hard-headed retail chains anxious to stock organic produce.

Bill Starling,
Chairman, British Organic Farmers,
86 Colston Street,
Bristol, Avon

Plain food preferred

From Mrs Eva Wittenberg.

Sir, The adventurous food manufacturers who produce sea urchin coral and giant green-lipped mussels can hardly hope for a mass market (Weekend FT, January 7).

But an enterprising company could find a fan club of devoted customers without searching for such exotic delicacies.

Any company which caters for the sizeable group of people who are allergic to or dislike onions and garlic is sure to gain an enthusiastic following. At present, people prone to such allergies are unable to buy "starter" or "main course" convenience foods; practically all such products contain one or more members of the allium family.

The market for onion-free and garlic-free dishes is ready and waiting.

Eva Wittenberg,
8 Fairacre,
Church Road,
Isleworth, Middlesex

Star of wonder

From Dr Archie McKerrell.

Sir, David Lascelles' article on company Christmas cards (Weekend FT, December 24) does not mention the one from Colorvision, which I found sufficiently amusing and tasteful to display on our sideboard. It shows a Victorian street scene with a small, appropriately attired group of people looking in the window of a Colorvision shop. On the roof is a satellite dish and above it – rather out of perspective – can be seen the satellite.

Archie McKerrell,
27 North Linkside Road,
Woolton,
Liverpool, Merseyside

'Investors should back the long run, not long odds'

From Mr K.J. Phair.

Sir, Your leader on "The Gambling Mentality" in banking (December 30 1988) is long overdue, but unfortunately proposes a false remedy for the symptoms described.

It is true that risk levels in bank portfolios are increasing worldwide, in the various guises of credit risk, market risk, event risk or liquidity risk. Naturally, risk is not being taken for its own sake, but because it is frequently seen as the only way to meet ambitious short-term profit targets in an environment where investors and wholesale borrowers are colluding to disintermediate the banks.

While extra risk may well produce extra return in the short run, in a stable long-run situation increasing defaults or changes in market value will eliminate these extra profits. In other words, for banks in aggregate, today's profits from higher risk are being paid for with tomorrow's profits.

The key phrase here, of course, is "stable long-run".

This clearly cannot apply to today's market, in which the collapse of expectations of October 1987 is still making its effects felt. Accordingly, many prudent bankers the world over have watched competitors increase profits through booking high-margin business, and have suffered increasing temptation to leap on the bandwagon.

When they succumb, this is frequently justified with the belief (that is, hope) that the risks have been overestimated relative to the return, and by pointing to pressure from investors to maintain dividends and earnings.

This process is inherently extremely dangerous for the world economy, because such an over-optimistic view may infect the whole financial system, and not be confined to a single sector or risk category.

Your readers may now be saying: "Hold on – that's a bit extreme, isn't it?" Well, yes, it is, but it should be no less plausible for that. Recent financial history is littered with incorrect projections based on past performance.

Contrary to your leader's conclusion, increased regulation of banks' risk concentrations is most emphatically not the appropriate response. Increased regulation of risk *concentrations will not prevent* bankers from taking excessive risks in aggregate, which could still leave banks very exposed to a severe recession which devalued a broad range of financial assets, such as LBO (leveraged buy-out) debt, property and other real assets.

If people feel protected by regulation, they also feel free of the fear which should counterbalance greed, as your editorial comment on the US deposit insurance system implicitly acknowledges.

Regulation imposes costs, both of a monetary nature and, more crucially, in tying up senior management time which would be better spent on planning and executing long-term competitive strategy. The effects of these costs are already evident, particularly in London, and will undoubtedly accelerate greatly the structural change of the London securities market in the next few years in ways which may not be wholly desirable from a UK perspective.

Significant structural change is unavoidable in the next five years if world-scale financial institutions are to survive from a European, particularly UK, base.

Ensuring that the UK's financial institutions remain strong requires much management time, and a focus on long-term objectives which dominates short-run considerations.

Accordingly, it is essential that investors, regulators and governments take a long-term view of the value of financial institutions.

Investors, in particular, must be induced to back top quality management operating with clear long-term objectives, and not be favourably impressed by a short-term dash for earnings.

Many other world-scale financial institutions are playing the long-term game – the present tendency of UK and US institutions to mortgage their future through focusing heavily on the short-term is analogous to betting their business by borrowing short and lending long – which is, of course, how many US "thrifts" ran into trouble.

K.J. Phair,
Cherrystones,
Elwood Road,
Beaconsfield,
Buckinghamshire

FINANCIAL TIMES
Thursday January 12 1989

Dollar strength prompts concerted bank intervention

FURTHER DOLLAR strength yesterday prompted frequent central bank interventions, while sterling received an unintended boost from Mr Nigel Lawson, the UK Chancellor of the Exchequer, which left the pound at a 2¼-year high against the D-Mark, writes Simon Holberton.

The intervention involved most European central banks, the US Federal Reserve and the Bank of Canada, most of which sold dollars for D-Marks. The Bundesbank, the West German central bank, said the intervention was co-ordinated.

European central bankers described the intervention as "routine" and not particularly heavy. One said the total was only $200m to $300m. The moves, however, knocked the dollar at least temporarily and underlined the market's nervousness when there are reports of central bank moves.

By the close in Europe the US currency was at DM1.8285 against Tuesday's close of DM1.8360. At the close in New York the dollar stood at DM1.8325.

The dollar's strength against the D-Mark is creating problems for the Bundesbank, which remains concerned about West Germany's inflation outlook and the growth in its trade surplus. Some officials suggest that pressure may be growing for a rise in the discount rate, currently 3.5 per cent.

The Bank of England also intervened, selling sterling for D-Marks, in a move interpreted by the market as designed to slow the rapid rise of the pound, not primarily to support the dollar.

The move by the central banks coincided with a report of Mr Lawson's comments after leaving a meeting of the National Economic Development Council. Reuters, the news agency, reported him as saying he was not worried about sterling's latest strong rise. "It's alright", was his reported remark.

The pound rose swiftly after the report to close at a 2¼-year high against the D-Mark at DM3.2575 after gaining 2 pfennigs over the day and rose 1.8 cents to close at $1.7810.

Consortium seeks US funds for UK reactor

By David Fishlock in London

AN Anglo-American consortium including Rolls-Royce and the UK Atomic Energy Authority is drawing up plans for a novel design of nuclear reactor which it hopes could give Britain a second chance to enter the international reactor market.

The American partners are the engineering groups Combustion Engineering and Stone and Webster.

The project involves what they call the safe integral reactor or SIR, a 300MW reactor aimed at markets beyond the year 2000.

Based partly on Rolls-Royce experience with submarine reactors, the group is hoping to submit its ideas to the US Department of Energy next month. It seeking $50m of US funding toward a detailed design and, if successful, will try to raise a similar sum in Britain.

If successful, the consortium will try to raise a similar sum in Britain. The cost of the design is put at some 20 per cent of the capital cost.

Rolls-Royce and Associates, the company's nuclear specialists, and the UK Atomic Energy Authority, have been collaborating since the summer. They were joined in the autumn by the two US engineering groups.

In London yesterday the four signed a memorandum of understanding to pursue SIR as "a new market opportunity" for a smaller, simpler reactor.

Sir Francis Tombs, chairman of Rolls-Royce, said he believed it might prove an interesting development of the company's present nuclear interests. It has built and services 20 small pressurised water reactors for the Navy.

The memorandum was an agreement to study funding and market opportunities, and it was too soon to judge its significance, Sir Francis said.

Mr Dick Knapp, business director of Combustion Engineering, said the venture would want the US Government to certify a design it could build anywhere in the world. He expected to get the Energy Department's answer to its request for funds within 90 days of the submission.

Background, Page 8

Bonn softens attitude to US allegations over Libyan plant

By David Goodhart in Bonn

THE West German Government appears to be coming round to the view, pressed vigorously by the US, that West German companies have played an important role in supplying the alleged Libyan chemical weapons plant.

Reuters quoted an unnamed government official saying: "We are in possession of evidence which shows that the US allegations are not groundless."

Chancellor Helmut Kohl was also careful in his start-of-the-year press conference yesterday not to rule out the involvement of German companies.

This marks a change of tone from the prickly defensiveness of earlier official statements which have emphasised the flimsiness of US evidence and, by implication, the high-handedness of officials in Washington.

Mr Kohl, for example, had said in an interview published in Die Welt yesterday that it was intolerable to put Germans in the dock without evidence adding that "this is no way to treat friends."

The change of attitude, which has been accompanied by a fresh raft of allegations against named companies in the German media, may be a consequence of the arrival in Washington of a group of German officials who are there to take a closer look at CIA evidence.

It was also announced yesterday that the criminal investigation department of the customs authorities, based in Cologne, *had begun a formal* investigation into the Frankfurt company IBI Engineering owned by Mr Ihsan Barbouti, an Iraqi businessman based in London.

Today Stern magazine is due to publish further allegations about the involvement of Imhausen-Chemie, the company originally named by the US authorities, which was subsequently cleared of any involvement by the relevant German officials.

The Government's hope that Tuesday's announcement of new export control regulations would end public interest in the affair – and in the negative effect on US-German relations – thus seems to have been dashed.

However, one US official said yesterday that the new export control proposals did represent an important step in the right direction.

Mr Kohl also yesterday became embroiled in a difference of opinion with Mr Rupert Scholz, his new Defence Minister who has been having a rough ride over the issue of *cutting back on low-flying by* military jets.

The Chancellor, who has hitherto firmly supported Mr Scholz, said, in response to public comments from the Defence Minister over the necessity for modernisation of short-range nuclear weapons, that public discussion of modernisation was "not useful."

Another issue touched on in the start-of-the-year press conference was corporate tax reform – which, Mr Kohl said, would be examined and debated as soon as possible after the next election on December 9 1990.

Editorial comment, Page 20

Banks may make medium-term loans to indebted countries

By Stewart Fleming in Washington and Stephen Fidler in London

A STRONG indication that commercial banks would be willing to make medium-term commitments of new funds to highly indebted countries came in a report issued yesterday by a Washington-based forum for international banks.

The report from the Institute of International Finance – endorsed by the large banks which make up most of its 186 members – says such medium-term loans from banks would be possible only if the international institutions such as the World Bank make similar pledges and if debtors give priority to the private sector in their development efforts.

In previous financing agreements with debtor countries, banks have only made loan commitments for a short *period ahead. This has been* criticised as inappropriate in tackling debtors' economic problems.

The decision by the group to produce the report, entitled The Way Forward for Middle-Income Countries, reflects a recognition by banks that significant changes in the approach to the debt crisis can be expected shortly and represents an effort to influence the way the debt strategy evolves.

President-elect George Bush said last month that the US was examining how to revise the debt strategy. Mr Barry Sullivan, chairman of the Institute and chief executive of the First National Bank of Chicago, agreed at a news conference yesterday that banks "were no longer mortally threatened by the debt situation". He said: "1989 will be a very significant year as we grapple with this situation."

The report, which says that *detailed plans would continue* to have to be negotiated on a case-by-case basis, stressed that in the long term the interests of the banks and the debtor countries were interdependent. But banks "need a new rationale to stay in the process".

Also cited as components of a more vigorous attack on the debt problem were continued efforts by the developing countries to improve their economic performance, sensitivity by the industrial countries to the impact of their economic policies, the need to remove regulatory, tax and accounting impediments to new bank lending and for international financial institutions to play a bigger role.

While voluntary debt reduction programmes should play an important role, forcing the banks to write off debt would be tantamount to requiring *them to provide foreign aid to developing* countries and would choke off future capital flows.

International capital markets, Pages 27-28

Delors tries to revive EC labour talks with employers

By David Buchan in Brussels

A BID TO breathe fresh life into the "social dialogue" between Europe's employers and trade unions will be made today when Mr Jacques Delors, the European Commission president, brings captains of both sides of industry together at a special conference in Brussels.

As part of his effort to add "a social dimension" to Europe's emerging single market, Mr Delors will try to meet union complaints that the past four years of talks with employers have produced no concrete action, without aggravating the latter's fears of getting dragged into laying the ground for unwelcome new EC-level social legislation.

Mr Delors is expected to propose to Unice, the European employers federation, led by Mr Karl-Gustav Ratjen, a board member of Volkswagen and Metallgesellschaft, and to the European Trade Union Confederation (Etuc) that they hold more regular summit meetings to give the social dialogue a new political impulse.

The last such summit was in January 1985, convened by Mr Delors in one of his first acts as Commission president.

Searching for consensus, Mr Delors will propose continuation of discussions on worker training and labour market flexibility, on which both sides of industry have already reached "common opinions."

But it is the fact that these are nothing but opinions that has led the Etuc, led by Mr Ernst Breit, head of the West German DGB trades union federation, to complain that the dialogue has just become a "social car park" in which to immobilise issues on which employers want no action.

The Etuc this week said the social dialogue "must serve as a reference for legislative and regulatory initiatives by the Commission," and that it must be decentralised to "the level of sectors, branches and multinational companies."

Etuc officials reject Unice's retort that this smacked of Europe-wide collective-bargaining. They point, as a model for concrete action on a sectoral level, to last October's agreement on training by the Euro-Fiet grouping of clerical and technical workers with the European Federation for the Retail Trade.

At today's gathering at the Palais d'Egmont, Mr Delors will be putting his diplomatic skills to the test. He has aroused union expectations of imminent EC action by touring big national union conferences last autumn, including that of the UK Trades Unions Congress whose general secretary, Mr Norman Willis, will be in Brussels today.

He also shares the Etuc's view that the social dialogue should not be allowed to detract from other Brussels legislative initiatives for worker health and safety rules, worker participation in management and a new charter of trade union rights.

On the other hand, he does not want to appear to be wantonly escalating an ideological confrontation over social issues, either with national leaders or within his new Commission in which Mr Delors and his fellow socialists are outnumbered 11 to six.

THE LEX COLUMN

Abbey passes the collection box

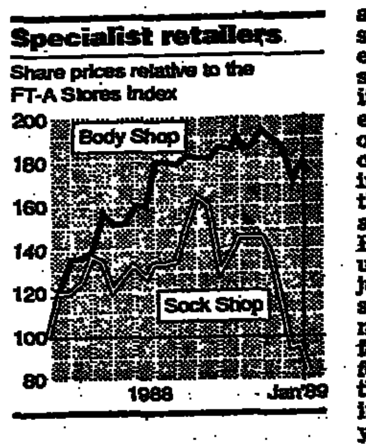
While the Abbey National flotation may be packaged as a rather smart way of unlocking value for its 7m customers, it is the only realistic way that it *can hope to raise the £1bn plus* which it desperately needs to play among the big boys of European finance. The amount is more than Barclays Bank's controversial rights issue of last year, and not far short of what the TSB took from the market in its unsatisfactory flotation. Of course, Abbey National is not the same sort of animal as the TSB, which was forced to raise more money than it needed in order to dilute the value of the scrip. Nevertheless, it is nearly doubling the size of its capital base, and its obvious international ambitions would make any seasoned bankwatcher more than a little nervous.

Given the paucity of information about its future plans it *is hard not to conclude that it* is raising far more than it needs. For a group which is smaller than any of the big four clearing banks, an initial £250m rights issue would have been far more acceptable. But then the clearing banks do not have the bribe of so-called free shares to dangle in front of a potential investor base of 5½m, and this is why there is little chance of the issue flopping.

Whether Abbey National will make a sensible longer term investment is more debatable. Its record to date is good, and its balance sheet is far cleaner than most banks. But it is amazing how even the biggest financial institutions can quickly lose £1bn these days, and Abbey is giving no promises that it will not be back for more.

Specialist retailers

Share prices relative to the FT-A Stores Index



Maxwell

The brief burst of enthusiasm with which the market greeted Mr Maxwell's capture of Macmillan seems to have evaporated, and it is not hard to see why. Despite yesterday's details of disposals effected and under negotiation, there is still deepconfusion about the emerging shape of the business. Perhaps most perplexing is the renewed commitment to group sales of between £3bn and £5bn by the end of the decade (meaning by December 1990). It is implicit in the move from printing to publishing that MCC should sell turnover faster than it buys it: in 1987, its printing margins were 7 per cent, whereas Macmillan and OAG had margins of 13 per cent and 40 per cent respectively.

Mr Maxwell's reply to this, slightly unnervingly, is that it should soon be possible to hit the acquisition trail again. Net of the $1.38bn disposals listed yesterday, and taking all of Macmillan and OAG onto the balance sheet, net debt will apparently stand at $2.5bn. Knock off the sale of the US printing plant – due in the course of 1989 – and the figure falls to $1.8bn. The grand strategy of acquiring media and communications companies can then resume, with the promise that there will be no use of paper.

The market price of 194p says it believes none of this. Indeed, a yield of almost 10 per cent generally implies that the market doubts the security of the dividend. It could be quite wrong about that, but the whole strategy still looks like a race between Mr Maxwell's ambitions and the means to afford them.

Retailing

A blanket distrust of all retailers, especially those led by a visionary, would have proved such a sound investment principle over the last two years that it is tempting to apply it to Body Shop and Sock Shop willy-nilly. However, the market persists in awarding both premium ratings, for the positive reason that there is room for further expansion, and for the negative one that neither indulge in the dubious accounting or the macho acquisitions that have undone some *of their retailing peers.*

There the similarities end, and yesterday's 36 per cent growth from Sock Shop and 44 per cent from Body Shop disguised the differences. Sock Shop is going into another period of rapid growth with 100 per cent gearing, having paid fancy premiums for its recently acquired sites, and is now showing no underlying volume growth at all. Body Shop is ungeared, has already proved how well its format travels overseas, and unlike almost all other retailers is still increasing its sales from existing space by 20 per cent or so. One had a neat idea, which it has carried out reasonably efficiently so far, while the other had a brainwave, and one that is still flummoxing imitators. It all suggests that the 50 per cent underperformance of Sock Shop relative to Body Shop this year is not unfair, and that the latter may just deserve a multiple of 35 or so. Eventually the Body Shop miracle will end, but those who feared saturation in the market for peppermint foot balm some three years ago may admit that it has a good few years to run yet.

Water mergers

The Government's policy towards the UK water industry is getting murkier by the day. Having decided to return the industry to the private sector in order to stimulate competition, it is now taking steps to protect private sector monopolies in order to preserve what it describes as "comparative competition". In a statement which does the Civil Service proud, the Government's latest bit of interference is likely to make the eventual structure of the water industry of the 1990s look even more antiquated.

It should probably have acted before now to quell the wave of takeovers in the industry, but its decision to allow future bids to be turned down solely on the grounds that a successful deal would reduce the number of water companies in independent ownership is unusually broad. The main aim seems to be to curb the predatory appetites of the French and the water authorities, and whilst it will defuse the growing political row about the speed with which the independent water companies are disappearing, it is going to do nothing for competition in the industry. Given that the Government has also promised to equip the water authorities with 5-year golden shares, any chance that the threat of takeover would improve efficiency has all but evaporated.

Harris Queensway

In the Lex Column of December 22 1988, under the heading "Stretched sums at Harris Queensway," reference was made to a failure to cap interest costs. This referred to the financing arrangements made in connection with the acquisition of the company by Lowndes Queensway, not to the financial management of the company prior to the acquisition.

Barclays defends role in GEC bid plan

Continued from Page 1

Only a small number of senior executives "sit astride" the walls because they are at the top of the management pyramid.

As a director, Lord Prior would not have been told in advance of any major financings because the board is not involved in credit decisions, though major deals are reported to it in due course. Even BZW, Barclays' investment banking arm, did not know about it.

In the GEC case, the pressure on Barclays to accept the £3.5bn debt finance for the deal was considerable. Apart from its size, there was the nigh certainty that other banks, probably foreign, would supply the money if Barclays did not. There was also a feeling in some parts of the bank that Barclays should back a British-led bid for GEC, if only to pre-empt a foreign one.

According to the version of events given by Mr Quinton and others close to GEC and the bidding consortium yesterday, Barclays first began to *get into a potential conflict* with Lord Prior and GEC last November. At that time, a document came into GEC's hands which indicated that Barclays was preparing to back a takeover *of GEC. The structure was different* from the present one and entailed bank financing of £5bn.

GEC was "amazed," according to one official there, and Lord Prior immediately telephoned Mr Quinton to ask for an explanation. Mr Quinton replied that the bid was "hypothetical" and sought to allay Lord Prior's concerns. But he was unable to give a cast-iron guarantee that Barclays would not finance a GEC predator.

The present bid was then planned over the new year, and Barclays was approached last week to help raise the money. All the decisions relating to it were taken at senior management level, but non-executive directors were not informed. *It was even checked* out in advance with the Takeover Panel, according to Mr Quinton.

Using established practices, Barclays' senior credit manag*ers sounded out their opposite* numbers at other potential participant banks last Friday, initially by saying it was a hostile bid and giving the size of the financing, but without *identifying* companies. If the other banks expressed interest, they were then told who the bidders and target were, and invited to join the deal.

It was one of these banks, believed to be Société Générale of France, that passed the information on to GEC. Within minutes Lord Prior again telephoned Mr Quinton. This time Mr Quinton had to confirm that the bid was real.

In fact, the call came as a relief to Mr Quinton, who had been facing the difficult task of breaking the news to Lord *Prior. He had intended to contact* him shortly before the bid was announced, but the call precipitated events.

The question arises why the bidding consortium went to *Barclays, knowing the target's* chairman was on its board. According to those close to the bidders, it was because Barclays was Plessey's lead bank. Lord Prior's presence on the *board was considered to be a* problem that Barclays should address itself.

Quite how unsettling Barclays' stance will prove with other bank clients remains to be seen. Mr Quinton said he had received no representations from other non-executive board members, and had no intention of changing Barclays' *policies.*

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	C	10	50	Malta	S	17	63	Rhodes	S	15	59
Algiers	S	18	64	Edinburgh	R	05	41	Manchester	F	08	46	Rio de J'o	C	32	90
Amsterdam	F	03	37	Faro	F	16	61	Manila	C	32	90	Rome	C	09	48
Athens	F	14	57	Florence	C	12	54	Melbourne	F	19	66	Salzburg	F	06	43
Bahrain	F	19	66	Frankfurt	C	09	48	Mexico City	F	24	75	San Francisco	F	14	57
Bangkok	F	33	91	Funchal	F	15	59	Miami	C	25	77	Seoul	R	07	45
Barcelona	F	12	54	Geneva	F	09	48	Milan	C	03	37	Singapore	R	31	88
Beirut	R	12	54	Gibraltar	C	15	59	Montreal	C	-10	14	Stockholm	F	02	36
Belfast	R	07	45	Glasgow	R	07	45	Moscow	C	-2	28	Strasbourg	C	07	45
Belgrade	C	03	37	Guernsey	Fg	07	45	Munich	S	07	45	Sydney	S	27	81
Berlin	C	05	41	Helsinki	F	00	32	Nairobi	F	25	77	Taipei	F	23	73
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Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Mexican unions in protest

Continued from Page 1

strated in the centre of Mexico City for "la Quina's" release.

Long queues built up at petrol stations and soldiers guarded state-owned oil facilities against possible sabotage.

Soldiers also occupied installations owned by Pemex, the state oil concern, in the northern border city of Reynosa and in Villahermosa, capital of the oil-rich Tabasco state. Pemex said last night that refinery operations were returning to normal. The company maintained that 1.3m barrels a day oil exports would not be affected.

Oil workers were *instructed* to return to work by Mr Salvador Baragan Comacho, secretary general of the union, as petrol deliveries from the capital's refineries continued through under armed guard.

Mr Baragan gave the order from a hospital where he is under detention with a heart condition. On Tuesday he responded to an appeal to surrender.

Airlines begin engine checks

Continued from Page 1

viewed again yesterday by crash investigators but the details of their conversation were not revealed.

Salvage crews yesterday began moving the central section of the crashed aircraft from the crash site.

British Midland said yesterday it would make immediate payments of £5,000 ($8,900) to each of the survivors of the crash and to the next of kin of everyone who died "for the *immediate relief of financial* anxiety."

ACCOUNTANCY COLUMN

US parents must account for their subsidiaries

By Pratap Chatterjee in New York

YOU CAN expect Ford, the US automobile manufacturer, approximately to double in size when it publishes its accounts this year.

You can also expect its debt-to-equity ratio to increase by anything up to 16 times (Ford's own estimates).

No, Ford is not about to make a huge bond issue, nor is it going to acquire any other company.

This change in its apparent fortunes is merely the result of a new accounting rule – Financial Accounting Standard 94, a product of the Financial Accounting Standards Board (FASB).

The rule requires US companies to include all their subsidiaries in their group accounts. Its effect will be seen for the first time in annual reports for 1988 due out over the coming weeks. Until now companies have been allowed to exclude from their main accounts any subsidiary that carried out business that was significantly different from that of its parent.

Big car manufacturers have applied this rule to their finance subsidiaries, which were set up to lend their customers money to buy cars. These subsidiaries, which in some cases have assets as large as their parents, are in the business of automobile finance and so have little to do with automobile manufacturing, the companies have argued.

As a result they have been excluded from the consolidated accounts and relegated to a footnote.

From this year, they must be lumped together with their parents, giving readers of their accounts a perspective of the financial structure of the group as a whole.

Hence the position of Ford, which owns Ford Motor Credit. Companies in other industries, such as retail chains like Sears, also have finance subsidiaries, but car manufacturers like Chrysler, Ford and General Motors have the largest operations of this type.

For these companies, leaving out the assets and liabilities of their subsidiaries has made it possible to keep their balance sheets nice and tidy. It has the effect of improving the cash-flow, liquidity and financial ratios of the parent.

It is possible to construct a consolidated balance sheet from existing published information already

The US is not the first country to attempt to tackle the consolidation problem, although it is the first to abolish the "dissimilar business" test.

Companies, needless to say, are not pleased. Auditors and financial analysts, meanwhile, are divided in their opinion. Some point out that all the required information is available outside the main accounts for those who want it, so the change will merely be cosmetic. It is possible to construct a consolidated balance sheet from existing published information already.

This view is based on the belief that disclosure, rather than presentation, is the key concern.

But as Mr Gerald White, chairman of the financial accounting policy committee of the Financial Analysts Federation, says, disclosure itself is not standardised but varies from company to company, making it difficult for analysts to keep track of what is going on. "You may not know what you don't see," he says.

FASB has tried to tackle this problem by requiring greater disclosure, at the same time as full consolidation. However, it has not specified a standardised format for the information.

Another argument against the new rule is that, by forcing companies to disclose all subsidiary companies, the FASB is actually doing the readers of accounts a disservice. It makes sense to leave out subsidiaries in different businesses: lumping them together with their parents is like adding apples to pears, and the resulting figures tell the reader nothing useful.

Take the case of an insurance company owned by a manufacturing company. The liabilities and assets of one are different in nature from those of the other.

There are worries that the rules will lead companies to find other ways of keeping liabilities out of their balance sheets

For a company like Loews Corporation, which already consolidates its majority-owned insurance company with its tobacco operations, a misleading impression may be created of the group's overall financial situation. Billions of dollars of financial assets are held against future claims, and indeed the company's ability to dispose of these assets is carefully regulated.

Mr G. Michael Crooch, who represented Arthur Andersen at hearings held by the FASB on the subject, says that consolidating all majority-controlled subsidiaries in this way is not the best means of tackling the problem. He admits, however, that it is difficult to find a reasonable alternative.

A compromise on this point has been reached in Canada, where finance subsidiaries are specifically targeted for consolidation, provided they primarily handle the accounts of their parent. But many feel that finance companies are only one aspect of the problem.

There are worries that the new rules will lead companies to find other ways of keeping unattractive assets and liabilities out of their balance sheets.

One possibility is the formation of a joint venture with another company, which then technically becomes the majority owner. Under this arrangement a corporation could retain effective control while keeping a subsidiary out of its accounts.

FASB is aware of these issues. The consolidation rule, FAS 94, was only the first part of a wider project. It is still working on the second part – defining what a group is for reporting purposes (known in the jargon as a "reporting entity").

One of the proposals under review is that control, rather than ownership, should be the test of when a subsidiary should be included. This would bring the US into line with the UK, which plans to enact a similar provision in the current Companies Bill.

Meanwhile Ford, according to its accounting director Mr Dan Coulson, is planning to show the assets and liabilities of its various subsidiaries separately on the face of its balance sheet. And Chrysler is reported to be planning to issue a set of accounts in the old format, to be called, appropriately, "Chrysler Classic."

Tax advisers: The table two weeks ago of leading tax advisers did not include Grant Thornton. The firm has since indicated that its fee income from tax work amounted to £21.3m in the year to June 30 1988, an increase of 13 per cent from the previous year. It had 456 tax professionals at the time.

Mr Philip Hardman, Grant Thornton's national director of tax, says of the huge growth of the number of people working in the tax field indicated by the table: "It's a national disgrace." He argues that this mountain of talent could be put to better use elsewhere in the economy, rather than on helping people reduce their tax bills, but declines to throw in the towel himself because it is too late in his career. Any other takers?

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*To discuss this position further, please call **Hansa Savjani on 01-629 4463**. Alternatively, write to her at the address below quoting Ref HS183.*

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Candidates should be qualified accountants, in their early to mid 30s, with solid experience of computerised accounting systems gained preferably in a multi-company multi-currency environment. Strength in systems development should be combined with the practical ability to manage staff and control accounting operations. The necessary personal qualities include strong communication skills, drive, and a positive commitment.

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MSL International

MSL International (UK) Ltd,
32 Aybrook Street, London W1M 3JL
Offices in Europe, the Americas, Australasia and Asia Pacific.

Treasury Accountant

Central London
c£28,000 + car + benefits

TI Group, the multi-national specialist engineering group, has recently expanded its global treasury operation. As a result, a new position has been created for a Treasury Accountant in the London head office financial control group.

Reporting directly to the Controller, Accounting and Management the successful candidate will be expected to take on and develop day to day financial accounting, reporting systems and procedures relating to the treasury operation. This will involve; providing detailed technical support in a fast moving environment, providing accounting information relating to foreign exchange contracts, liaising closely with other group head office departments and subsidiaries, and the production of a treasury reporting package for senior management.

Ideally, you will be a qualified accountant in your mid 20's with up to three years post qualification experience. Previous experience in a treasury environment plus experience of the accounting treatment of treasury instruments is desirable, an alert mind and a willingness to learn are essential.

Career opportunities within the TI Group are excellent either within the UK, European or US operations.

Please apply by forwarding a full CV, stating current salary, to Michael Madgwick, quoting reference MCS/1057, at:
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

GROUP ACCOUNTANT

International growth company **West Midlands**
c.£30,000 + bonus, car and share options

This high profile public group has built an outstanding reputation through the selective acquisition of a diverse range of low risk technology companies with unrealised potential.

The injection of capital, incisive business management and tight financial disciplines has turned and revitalised these businesses, placing them on a path of sustained growth.

In this stimulating environment the Group Accountant is a key member of the central team and will direct the consolidation of accounts, budgets, forecasts and cash flows of all the operating subsidiaries within tight deadlines.

In addition there will be responsibilities well beyond the accounting role in running an infinite variety of entrepreneurial ad hoc assignments and ensuring the computerised systems at the centre are consistent with the needs of rapid organic and acquisition based expansion.

Applicants aged 30+ should be qualified accountants currently holding a similar position within a comparable organisation or the No.2 role in a large international group. A breadth of commercial appreciation and managerial skill is an essential requirement.

Interested candidates should submit a comprehensive career resumé to R.R. Varley, FCA, quoting Ref: 22116/FT. The confidentiality of all applications is strictly guaranteed.

Varley Walker & Partners,
St. James House, 17 Horsefair, Birmingham B1 1DB
Tel: 021-622 1133 Fax: 021-666 6955

Varley~Walker
Human Resource Consultants

GROUP INTERNAL AUDIT MANAGER

Milton Keynes £25,000 + Executive Car

One of the UK's largest and most successful retail groups, The Gateway Corporation PLC is a diverse organisation comprising three principal operating divisions, Gateway and Wellworth supermarkets within the UK together with Herman's Sporting Goods, the USA's largest sporting goods chain.

It's an exacting environment for the audit professional – and you'll be taking on a role with direct influence on the future of the Internal Audit function within the group. Liaising closely with the Group Finance Director and a permanent Audit Committee, your brief will be to manage and undertake internal audit programmes in all our trading divisions and in the group's head office. In addition you will advise and assist the group Audit Committee in its monitoring of audit activity throughout the group (each division has its own internal audit function which is strongly operationally biased).

A qualified ACA or ICMA, your substantial audit experience should have equipped you with a thorough understanding of the accounting based audit procedure associated with a high transaction retail environment. Although principally concerned with substantive testing, the function will include computer audits. You will occasionally be asked to perform special projects on behalf of the Board.

Probably in your early thirties, you'll need good management and communication skills as well as highly credible and wide-ranging financial and commercial expertise. You will be required to travel extensively in the UK and visit the USA in order to undertake the audit of the divisions.

An attractive salary and executive car will be complemented by an excellent range of benefits.

Please write with full CV to: Mr. A. S. Perelman, Group Finance Director, Gateway Corporation PLC, Silbury Court, 418 Silbury Boulevard, Milton Keynes MK9 2NB.

THE
GATEWAY
CORPORATION PLC

SENIOR FINANCIAL ACCOUNTANT

CITY OF LONDON **CIRCA £28,000 + CAR**
FULL BENEFITS PACKAGE

Our client is one of the City's most successful international commodity trading organisations.

Due to recent rapid expansion, they now wish to strengthen their group accounting function by appointing a Senior Financial Accountant who will assume responsibility for a number of key information areas within the overall group. Specific duties will include production of monthly accounts, budgetting, operational standards review and a considerable amount of special project work which would entail some overseas travel.

This is an excellent opportunity for a young qualified accountant aged 25 – 30 years to join a well managed and highly profitable group which can offer superb future career development prospects.

If you are interested please send your CV in the first instance quoting Reference FT/121B stating clearly under separate cover any companies to which you do not wish your application forwarded.

LAVERY ROWE ADVERTISING LTD
Specialist Recruitment Division.
18 Chenies Street London WC1E 7EX: 01-631 4262.

ALPS

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 01-588 3576 Telex No. 887374

A key appointment offering excellent international experience and prospects to become Finance Director of a subsidiary in 3-5 years.

GROUP TREASURER

HONG KONG **£45,000-£55,000 (TAX 15.5%)**

MAJOR DIVERSIFIED INTERNATIONAL GROUP – ASSETS EXCEED £1.5 BILLION

For this senior appointment we invite applications from Group Treasurers, aged 35-45, who are professionally qualified (ACA, ACMA, ACT) with at least 5 years experience in the corporate Treasury of major multi-national commercial organisations. Overseas service will be an added advantage. Reporting to the Group Finance Director, the successful candidate will manage the Group Head Office cash resources and central debt, negotiate and co-ordinate borrowing facilities, and supervise the Head Office Accounting function, assisted by a team of ten. Other important aspects of this widely-drawn role will be advising the Board and subsidiaries on all treasury matters, sources of finance and new banking products as well as taking part in strategic planning exercises as a member of various committees. Strong communications skills, commercial judgement and quick reflexes are considered essential qualities for this challenging role in the centre of an expanding and highly-successful group. Initial remuneration, by way of high basic salary and bonus, negotiable £45,000-£55,000 + contributory pension, provident fund, life assurance, furnished accommodation, free utilities, non-contributory family medical cover, generous travel allowances, children's education and travel allowances. Applications in strict confidence under reference GT176/FT to the Managing Director:

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

Finance Director

Leisure Resorts

Surrey/Sussex border — *c.£35,000 + car & benefits*

This substantial £20m turnover subsidiary of a major building and property PLC is involved in the management of several quality leisure resorts sited at prestige locations in UK and Europe. Future strategy for growth acknowledges the importance of strong financial control and support.

As Finance Director, you will contribute significantly to the management and development of the company. You will manage the financial and management accounting, cash control and internal audit activities with the key objective of improving management information and control systems.

You will be a qualified accountant, aged at least 30, with a record of success in finance and accountancy in a substantial service business. Experience in the Holiday, Leisure or Travel industries would be a distinct advantage. Managerial ability, commitment, a flexible approach and willingness to undertake extensive travel in the UK and abroad will be key attributes.

The excellent remuneration package includes a performance-related bonus, share options and a quality company car.

Please send full personal and career details in confidence to Stephen Bailey, quoting reference 5192/FT on envelope and letter.

Deloitte Haskins + Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

APPOINTMENTS ADVERTISING

For further information call 01-248 8000

Candida Raymond ext 3351

Deirdre McCarthy ext 4177

Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Patrick Williams ext 3694

Patrick Sherriff ext 4627

Management Accounting Manager

To £30,000 + car + benefits
Surrey/Sussex Border

This £175m Division of a major UK consumer product group has established an enviable reputation as market leader by effectively combining marketing and financial management skills to exploit and reinforce the strength of its brand portfolio. An organisation developed and shaped by the quality and dedication of its people offers its management excellent opportunities for advancement.

Involvement is key to the manager's role where, as a member of the market sectors management team, a positive contribution will be expected in driving forward financial performance and the achievement of business strategies. The scope of the position embraces a considerable commercial element in addition to orthodox financial management. Reporting to the Divisional Financial Controller, direct functional responsibilities include the provision of an effective management accounting service to the business units, a pro-active financial analysis role and active support in the preparation of plans, budgets and forecasts.

Applicants should be qualified accountants, preferably with several years experience in a consumer product industry, with a positive attitude to the financial management needs of a fast moving and successful business. Good interpersonal and staff management skills are essential. Age guideline 27-35. Relocation assistance is available where appropriate.

Please reply in confidence quoting reference E153 to:

Adrian B. Edgell
Mason & Nurse Associates
5a Station Road, Egham
Surrey TW20 9LD. Tel: 0784 71255
Offices in London, Birmingham and Egham.

Mason & Nurse
Selection & Search

Company Accountant

Key Member of the Management Team

North London
up to £26,000 plus car

London Tobacco is a manufacturer and distributor of filter cigarettes with a UK base and substantial export business, employing around 150 people at two sites in North London, both within easy access of the M25.

Arising from the emigration of the previous incumbent, the company is seeking a suitably qualified individual, preferably though not necessarily ACMA, to take on the role of Company Accountant. Reporting directly to the Managing Director, your prime role will be the interpretation and development of accounting and management information for use by the Board and management team.

With thorough experience of budgetary control and standard costing, possibly gained in a process industry, you should also have significant exposure to the development and enhancement of computer applications in all aspects of financial and management accounting.

To fit into this close-knit, friendly and stimulating environment, you need to be an imaginative self-starter, with a positive approach to business and used to talking about solutions rather than problems. Highly committed, your commercial awareness should be immediately apparent, as well as your ability to relate easily to staff and colleagues of varying ages and levels.

If you believe you can play the central role that our client is looking for, and are keen to join an experienced, knowledgeable and energetic management team, then write to Hamish Davidson quoting reference MCS/4010 enclosing a full CV and salary details.

Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

LONDON TOBACCO COMPANY

Price Waterhouse

Take a look at our Profiles

JUDITH PLUMMER, 26 – qualified with the firm as a Chartered Accountant and joined the consulting practice in 1985 as a trainee. Now a Consultant based in London, her assignments have taken her to Ethiopia, Ghana and Lesotho, as well as working in the UK.

TREVOR HINKINS, 34 – joined us as a Consultant in 1987 and has already been promoted. A qualified Management Accountant, Trevor had extensive experience of the Transport sector and has applied his expertise with us in the UK and overseas on assignments relating to railways, shipping, water, civil aviation and power.

ROY ADAIR, 39 – a qualified Public Finance Accountant who spent 14 years in Local Government and Water before joining us in 1986 as a Senior Consultant. He is now an Associate Director, playing a key role in shaping our initiative in Europe. Roy has applied his systems, marketing and business planning skills to our specialist fields in the UK and internationally.

TO £40K PLUS CAR AND OTHER BENEFITS

Our consultants enjoy a challenging and varied career on an international scale, working with senior management in both the public and private sectors. In particular, privatisation has raised interest in our specialist services both in the UK and overseas.

Coopers & Lybrand, one of the UK's leading firms of Management Consultants and Accountants, offers accountants with experience in the Energy, Water or Transport sectors the opportunity to raise their profile using a comprehensive range of financial management skills.

If you are a qualified accountant, aged 25–35, with an outstanding track record in these sectors, please send your cv, including a day time telephone number, quoting ref F50/14 to Chris Timbrell, Coopers & Lybrand Associates Limited, Plumtree Court, London EC4A 4HT.

Raise your own Profile in Consultancy

C&L **Coopers & Lybrand**

SYSTEMS ACCOUNTANTS

Development and Support

Central London — **£24–30,000 + benefits**

One of the UK's most dynamic and influential financial services groups, our client is investing heavily in the very best management information, financial control and administration systems. This commitment provides outstanding opportunities at all levels for systems accountants in the group's central services function.

Financial Systems Development.

To join a multi-disciplined team and provide accounting input to key projects at all stages from definition of user requirements through to successful implementation. Applicants must be qualified accountants with proven systems development or computer audit experience.

Systems Liaison Manager.

To be responsible for providing a high quality support service to users of the general ledger and management accounting systems throughout the group and for controlling the day to day running of these systems. Applicants should preferably have experience of McCormack & Dodge's GLM software. However, those with experience of other packages will also be considered.

Strong analytical and communication skills and the initiative and drive to identify systems requirements and produce cost effective solutions are essential requirements for these positions. Future prospects are extensive, salaries are negotiable and generous benefits include a non-contributory pension and low cost mortgage.

Please write with full career details to David Tod BSc FCA quoting reference D/793/NF.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

LLOYD MANAGEMENT

Internal Audit Manager

London W1 — **to £25,000 + car**

Our clients are a £400m turnover service-based company with international interests and are themselves part of a major British group. This is a new appointment created to strengthen the internal audit function which was set up early in 1988 under the Chief Auditor. Managing a small experienced team, the person appointed will be involved in investigating and improving systems of control to protect the company's assets and enhance operational efficiency. Opportunities will also arise to review potential acquisitions. Systems are largely computer-based and specialist computer audit support is available from the Group. The role will involve significant amounts of travel in the U.K., Europe and the U.S.A. There are excellent opportunities for career development into operational areas. Applicants must be qualified accountants, either Chartered or with audit experience, and with good communication skills. Age is not a factor. Ref: 1680/FT. Send c.v. (with current salary and daytime telephone number) or write or phone for an application form to R.A. Phillips ACIS, FCII, 2-5 Old Bond Street, London W1X 3TB. Tel: 01-493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

MERGERS & ACQUISITIONS
Expanding Services Industry

To £28,000 + Car + Benefits — **Berkshire**

A high profile organisation with a dominating presence in its key business areas, this company enjoys a highly successful European brand image. Committed to growth by acquisition as well as organically in both core and related markets they now seek a good honours graduate ACA with 2 years mergers and acquisitions experience in either a professional firm or a financial institution.

Reporting to the Financial Controller as part of the Strategic Planning Department, your brief will be to search for suitable targets as well as analysing direct approaches. You will be making full use of your professional skills in detailed research, prospect assessment, handling of the acquisition process and contribute to post acquisition policy.

The company offers a substantial remuneration package and exceptional career prospects. To find out more about this unique opportunity write to or telephone Richard Small at the address below or telephone him during the evenings on (023065) 286.

Ian Whitemoss Associates Ltd.
Regent House, 235-241 Regent Street, London W1R 8JU.
01-439 4911

Finance Manager

ACQUISITIONS, PLANNING AND DEVELOPMENT
WEST LONDON, TO £35,000 + CAR

This new position is at the centre of a highly successful and fast expanding construction and property development group: turnover is likely to exceed £100m this year. The Group's strategy of growth by acquisitions and joint ventures are key development steps, thus promising an invigorating and challenging time for the person appointed.

Reporting to the Group Finance Director, a major task will be to assist him with the identification, appraisal and subsequent integration of suitable companies into the Group. You will also be responsible for the financial control of the industrial and commercial property development businesses, group planning and assisting in funding activities. The position has a high profile and as such you will quickly need to establish personal credibility with the senior management team. Prospects for significant promotion are excellent.

You will be a qualified accountant probably aged early 30s, and ideally with some acquisition or investigation and property development experience. This should have been gained either from within a similar group or alternatively you could be a 'high flyer' in the profession seeking a fast track entry into industry.

Résumés, including day time telephone number and current salary, in confidence to Chris Haworth, ref: CH504, Coopers & Lybrand Executive Resourcing Limited, Shelley House, 3 Noble Street, London EC2V 7DQ.

Executive Resourcing

Coopers & Lybrand

MANAGEMENT ACCOUNTANCY STRATEGISTS

DRIVE THE BUSINESS OF CHANGE

Mercury Communications is at the forefront of change in the fast-moving telecommunications industry. Such high-profile positioning demands accurate forecasting, incisive variance analysis and precise budgetary control from our Management Accounting function. Hence the decision to strengthen our management resources with three key appointments, any one of which will provide excellent personal development opportunities.

First, a **Senior Management Accountant** with at least five years' post-qualification and man-management experience. An integral member of the company's executive, you will oversee and develop our head office function to meet on-going business needs with particular regard to regionalisation. This position commands a salary of up to £30k + car.

Vital support will be provided by a capable **Management Accountant** of three years' standing, who will produce cost centre reports and regional summaries in addition to the usual management accountancy requirements. Responsibilities which merit a salary of up to £25k.

In addition, a specialist at **Senior Management Accountant** level is needed to head up the secretariat in charge of capital expenditure appraisal and control. Detailed knowledge based on three years' post-qualification experience or an MBA will enable you to establish effective project audits and performance evaluation procedures. A salary of up to £30k will be complemented by a car.

Whatever your level, excellent communication skills and professional knowledge – including a firm grasp of complex computerised systems and spreadsheet programming techniques – go without saying, as does the ability to remain efficient under pressure.

ACCA, ICMA, ACA (or MBA for the capital expenditure position) with shrewd business acumen, strong motivation and personal presence, you will recognise the potential afforded by these high-calibre roles.

For further details on a stimulating future, contact Robert Johnston, Personnel Controller, Mercury Communications Limited, 90 Long Acre, London WC2E 9NP. Tel: 01-528 2142.

Mercury
COMMUNICATIONS

Head of Swaps Accounting

From £35,000 + car + banking benefits
City

A leading European commercial bank has developed from its London subsidiary a significant presence in international financial activities through its commitment to the market and the skill of its dealers and support staff.

With a rapidly growing swaps book, the London company now requires an individual to take the lead role in the swaps accounting function, reporting to the Financial Controller. The job encompasses the following areas: accounting and control, risk and viability assessment for each deal, reporting for statutory and management purposes, and contribution to systems development.

A qualified accountant, preferably Chartered, with at least one year's sophisticated swaps accounting experience, you will probably already be second-in-command of a swaps accounting team in a major bank or securities house. Familiarity with PCs will be necessary as well as a good knowledge of products used to hedge a swaps portfolio.

This is an excellent opportunity for an enthusiast with product knowledge to develop existing managerial and systems skills in a growing department. We will be discussing applications with our client, so please list in a covering letter any organisations with whom your details should not be discussed. Please feel free to call Miles Holford on 01-378 7200 extension 5193, or write to him quoting MCS/7009 at:

Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

FINANCIAL DIRECTOR

"Business Role: Consumer Products"

c. £30,000 + Benefits + Car

West London

Having been recently acquired by a household name publishing Group, this £20 million turnover home entertainment products company is well-placed to begin its planned expansion programme. With the existing management structure unaltered, and with the resources of the parent Group now available, future prospects are excellent. The company seeks to extend its existing foothold in the video products market in order to become a sector market leader, whilst strengthening further its reputation in the audio and publishing fields. The appointment of a Finance Director is a key step in this process.

Supervising a department of approximately 20, with the assistance of a qualified Chief Accountant, there will be responsibility for financial and management accounts, cash flow management and systems development. In addition, the Financial Director will become involved in acquisitions strategy and planning, and will report to the Chief Executive.

Candidates (aged 27-33) should be qualified Accountants with experience in some of the above areas. The ability and commitment to contribute actively to the senior management team are essential. In addition to a generous base salary and executive car, the benefits package is extensive and includes private health care, bonus and pension scheme.

Please apply directly to Richard Carter at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, evenings 0344 885911. Alternatively fax your details on 01-836 4942.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester

ROBERT HALF

GROUP FINANCIAL CONTROLLER

West of London
c. £35,000 + car

This successful private company has a number of diverse interests ranging from architectural design and planning through to property development, construction and civil engineering. Its record of profitable growth has been matched by considerable investment in recent years following acquisitions and refurbishments in locations throughout the UK.

Reporting to the Group Managing Director, you will have overall control of all financial matters and assist in identifying, co-ordinating and controlling business activities and strategies necessary to achieve increased profitability and further expansion.

You will be responsible for the preparation of business plans, budgets and forecasts, continually monitoring progress, requiring an understanding of the business, and the ability to liaise effectively with senior management of all disciplines.

A highly motivated, qualified accountant, aged 32-45, you should be an independent thinker with strong communication skills and the ability to achieve results. You will have had significant experience of managing and motivating a young, but enthusiastic, finance department, and of developing, implementing and improving computerised accounting systems.

Critical characteristics will include a practical, hands-on approach, a positive, encouraging management style and the desire to enjoy your work thoroughly.

Please send full cv, indicating current salary, to Fiona McMillan, Ref: 2893/FM/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

PA Consulting Group
HUMAN RESOURCES
Creating Business Advantage

Director of Audit
Financial Services

Windsor **c £40,000 + Mortgage + Car**

Our client is a fast growing consumer bank providing a comprehensive range of personal and commercial financial services. Part of a major US corporation, the group aims to be one of the top three financial retailers in the UK. It also has substantial European manufacturing interests.

This Senior Management role is crucial for the development of overall audit programmes and procedures to help maximise the value added by various functions. As Director of Audit, you will report directly to the US parent company and indirectly to the Chief Executives of the UK subsidiaries.

Candidates will be qualified accountants probably aged 28-35. Having developed good communication and management skills you will be computer literate, and enjoy working as a member of a highly skilled management team. Ideally, you will either have held a senior audit role in a high volume financial processing environment or a management position in a professional firm with financial institutions among your clients.

Interested applicants should write enclosing a comprehensive Curriculum Vitae and daytime telephone number, quoting Ref: 287, to Philip Rice, MA, ACMA, Whitehead Rice, 295 Regent Street, London W1R 8JH. Tel: 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

Financial Director

Devon/Cornwall border
up to £36,000 package + Car

Our client, a very successful and profitable subsidiary of a large British public group, manufactures branded domestic products to high quality standards and sells through the major national and regional retail chains, in addition to local independents.

The Company, the leader in its field, enjoys considerable operational independence and its management anticipate and welcome the challenge posed by predictions of future growth and change in the retail arena.

Growth over the last two years of 20% compound will continue; turnover is c.£12 million and there are 200 employees.

The Financial Director will report to the Managing Director and should:

- be a qualified accountant, aged probably 30-40
- have considerable experience of commercial and financial control disciplines gained in a lively, high volume, manufacturing business eg FMCG, brown or white goods or possibly automotive components
- currently hold a senior financial responsibility i.e. director, controller or chief accountant in a sizeable business
- have experience of operating and developing systems using main-frame and micro-computers
- be an effective manager; commercially orientated; maybe having some experience of acquisitions

Future prospects are excellent; these need not be limited to the finance function.

The usual large group pension and security benefits apply; removal costs will be met.

Please write with CV to Mike Flanagan, quoting reference: 19504.

MSL International (UK) Limited, Broad Quay House, Broad Quay, Bristol BS1 4DJ.

Offices in Europe, the Americas, Australasia and Asia Pacific.

MSL International

COMPANY SECRETARY

OPTICAL AND MEDICAL INTERNATIONAL PLC

N.W. London c.£30,000 + car

This is a rapidly expanding group involved in electronics and electro-optics manufacturing, technical consulting services and medical products distribution.

The Company has doubled in size in the last 3 years. Turnover now exceeds £50m. p.a. It is intended that this rate of expansion should continue through acquisition and organic growth.

The role encompasses all the usual responsibilities associated with being the Secretary for a publicly quoted group, including insurance, pensions and property matters.

The successful candidate will join a small head office team based in North West London and will report to the group managing director.

Benefits include BUPA, life assurance and pension.

Applicants should have a suitable professional qualification and at least 5 years company secretarial experience. Preferred age range is 30 to 40.

Career résumés, including daytime telephone number, should be sent in confidence to:

David Stirling,
Group Financial Controller,
Sutherland House,
70-78 West Hendon Broadway,
London. NW9 7BT

GROUP MANAGEMENT ACCOUNTANT

LEISURE GROUP - OXFORD BASED

Applications are invited for this new position in one of the country's leading leisure, and entertainment group of companies, currently an unquoted plc, and embarking on an aggressive expansion programme.

Reporting directly to the Financial Director, the successful applicant will be expected to provide the usual management analyses, planning, and statistical support to operational management and to co-ordinate and consolidate the existing financial reporting. Working with an existing team of accountants, he/she will also play a leading part in developing the computerised management information systems to take the group into the next phase of its expansion.

The successful applicant will be based in Oxfordshire where he or she will enjoy an excellent salary, BUPA, incentive bonus and a car and will have the opportunity of becoming part of a small management team developing the group into the 1990's.

Applicants should be qualified accountants in the 25-40 age range and have a dynamic personality and the maturity commensurate with the position.

Interested applicants should write in the first instance to the Financial Director, PO Box 16, Oxford, with full details of previous posts and salary.

Deputy Financial Controller

C. London — **c. £26,000 + Quality Car**

This is an ideal opportunity to step up to genuine managerial responsibility within a dynamic, fast-growing international group with a £150 million + turnover and a reputation as a leader in the global high-tech marketplace.

Much depends on your ability to manage and develop people within a large, energetic department. Working alongside the UK Financial Controller, but also very much on your own initiative, you'll be taking both a broad overview and a close interest in specific matters.

To meet this challenge within a UK listed group, you must be a qualified accountant, aged at least 28 years. Your track record should include good all-round experience of financial and management accounting combined with knowledge of computerised systems.

Write, enclosing full c.v. and daytime telephone number, to Patrick Donnelly, quoting Ref: FT/035.

PD Consultants
MANAGEMENT SELECTION
314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2273

LEASE AND FINANCE services

BUILD YOUR SUCCESS ON OUR SUCCESS

Chief Accountant in Reading

Are you an experienced accountant with a desire to expand your horizons? If so, you could be the right person to contribute to the development of a growing business.

Lease and Finance Services is a rapidly-expanding financial services company, with a new head office in Reading and a branch office in central London.

As part of our expansion programme, we wish to recruit a chief accountant to join our management team at the Reading office.

This is not a position for a beginner. You will need to be qualified – chartered or certified – and you will probably have about four years' experience. Knowledge of leasing and financial services would also be a positive asset.

Experience of managing staff would also be useful, as the successful applicant will effectively be responsible for the day-to-day management of the Reading head office.

Salary is negotiable, and the importance of the position will be reflected in the benefits package, which will include pension scheme, and BUPA cover.

Initially, please write with details of your career to date to:
Mr. S. M. O'Conner,
Glenstar Management Ltd.,
P. O. Box 407,
Ascot, Berkshire, SL5 0LD.

Company Secretary

Cambs

to £30,000 + Car

Our client is an extremely successful and highly acquisitive plc within the communications sector. Having achieved the reputation of being one of the *fastest growth companies* within the UK, it is regarded as a major force within its competitive sector.

This is an ideal opportunity for a capable, ambitious individual who must be able to demonstrate a strong desire to be part of a highly motivated and professional management team. The position will suit candidates with a financial or legal background, preferably within industry or commerce, aged late 20's/early 30's.

Tasks will encompass all aspects of the company secretarial function associated with a dynamic and progressive plc in addition to continual involvement in ad-hoc assignments and exposure to senior management.

This is an excellent opportunity to join a lively group and relocation assistance will be provided where appropriate.

Please telephone or write enclosing full curriculum vitae quoting ref: 301 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572
Fax: 01-925 2336

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

FINANCIAL CONTROLLER

Advanced manufacturing environment

Age 27-35 — **£25,000 package**
North Manchester — **+ car and benefits**

This is a broadly-based, high-profile position with a well-known company that has a £30m t/o and operates from 3 locations. It has a highly-regarded range of quality products with a particularly strong export sales record. Within this fast-moving environment, a Financial Controller is now required to join the successful, young management team.

Working closely with your Finance Director, you will play a vital part in assisting with the development of financial disciplines. A major objective is to implement an advanced, integrated system to provide sophisticated controls in the areas of costing, stock recording and financial accounting; you will manage a multi-discipline project team in this exercise and liaise with external advisors. Concurrently, you will bring new ideas into other critical activities such as performance analysis and reporting, cash management, budgeting and strategic planning; you will be supported by a small, strong accounting team and will be heavily involved in commercial issues. Ideally, you will be a qualified accountant with a sound manufacturing background and an up-to-date awareness of systems. A positive, open personality will fit in well with this friendly but well-motivated working environment. And in the longer term there will be excellent prospects within the substantial Group of which this company is a member.

Please apply to Dudley Harrop or Julie Meakin at our Manchester office, quoting reference M978.

ASB
Amethyst House, Spring Gardens,
Manchester M2 IEA
Tel: 061-834 0618 Fax: 061-832 9123
Also at: Liverpool and Leeds
ASB RECRUITMENT LTD **A Division of ASB Barnett Kinnings Plc**

FINANCIAL CONTROLLER

Around £25,000 + Car
Manchester

The Ian Skelly Group is Britain's biggest Volkswagen/Audi dealer with two massive retail centres in the Glasgow area, a major centre in Liverpool and a planned expansion into Manchester where the Group's biggest dealership will open in late Spring. This innovative new outlet is being built on an 8 acre site and will be the largest single VW/Audi Retail complex in Europe, incorporating design facets hitherto unknown in automotive retailing.

The Group growth has been achieved by unrivalled professionalism, creative marketing and unswerving dedication to customer satisfaction.

This unique development requires a Financial Controller to establish and direct the financial function within the dealership. Reporting to the dealership General Manager and functionally to the Group Financial Director, you will utilise a fully integrated computer system to provide essential management information and monthly management accounts. In short, you will make a significant contribution to the maximisation of return on the company's investment in Manchester, which is projected to generate turnover in the region of £30m.

You are a fully qualified Chartered Accountant having trained in a large professional company. You will have at least five years' post-qualifying experience in a commercial environment which has tested your man-management skills. You will control a staff of 20.

Ideally aged between 28-35, your enthusiasm and ambition, coupled with hard work and professionalism, will equip you well for this challenge in a truly dynamic environment.

In return we offer excellent conditions of employment which include an attractive salary, company car, non-contributory pension scheme and relocation to a high amenity area.

To apply please write with full c.v. to Mr W. Mitchell, M.A., D.P.M., Group Personnel Manager, Ian Skelly Holdings Ltd., 29 Dalmarnock Road, Rutherglen, Glasgow G73 1AE.

Professionals Value Professionalism

BRITAIN'S BIGGEST DEALER GROUP
THE IAN SKELLY CENTRE

Profitable and Rapidly Expanding Service Company

FINANCE DIRECTOR — GENERAL MANAGEMENT POTENTIAL

West London — **Package c. £34-38,000 plus car etc**

A privately owned group of companies, in a growth sales position is experiencing rapid change and expansion.

Servicing both the retail/leisure sector and manufacturing areas within industry, turnover is in excess of £5m.

Continual growth and development have broadened the duties of the Finance Director to include not only the upgrading of the Finance team but also:

* Board level input into strategic issues facing the company.
* Specification and implementation of company wide systems.
* Full involvement in more general business matters.

Ideally, you will be a qualified Accountant with:

* An interest in small businesses.
* Broad systems experience and understanding.
* Good general management capabilities.
* High level inter-personal skills, with an easy ability to develop good working relationships at all levels.

If you are interested in discussing this position please telephone Karen Wilson BA ACMA on 01-491 3431 (0895 633429 evenings or weekends) or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and a note of your current salary.

FMS
Search and Selection Specialists for Financial Management

Group Finance Manager

Kuwait — **£40K+**

A leading Private Group of trading and *manufacturing* companies handling a wide range of consumer goods including well known international brands, is seeking an experienced well qualified financial executive to head up the Finance & Administration functions. The person appointed will have the challenging project to set up a legal and financial structure to form a Corporate Holding Company for the subsidiary companies together with strong centralised corporate finance and treasury functions.

The position will report to the Board and will require a person having wide experience and understanding of company administration financial reporting systems, treasury functions and financial analysis and planning. The ideal candidate should have a recognised accounting qualification plus preferably a business degree or D.M.S. qualification.

The position carries an attractive range of benefits including bonus scheme, family furnished housing, company car and medical facilities. There are currently no taxes on salary. Commencing salary is negotiable based on experience and qualification.

Interested candidates should contact
Warwick Holland on London (01) 831 0431
or write, enclosing a full CV to
Michael Page International,
39-41 Parker Street,
London WC2B 5LH.

MP
Michael Page International
International Recruitment Consultants
London Amsterdam Brussels Paris Lyon Sydney

FINANCIAL DIRECTOR (DESIGNATE)

SOUTH ESSEX - £30,000

Our client is a fast expanding company in the food wholesaling business and has built up a considerable reputation in the trade.

A first class opportunity has now arisen for a qualified accountant to head up the finance and administration. Reporting to the managing director the applicant is required to develop management systems, negotiate with bankers together with performance reviews.

Candidates should be between 32-45 and will need to demonstrate commercial awareness to enable them to be able to contribute at Board level. Knowledge of import procedures and foreign currently transactions desirable.

The remuneration package will include negotiable salary and executive car.

Interested applicants should send a comprehensive career C.V. to D J Barwick, FCA, D J Barwick & Co., Chartered Accountants, 609 Romford Road, Manor Park, London E12 5AD

Financial Controller

Expanding private freight forwarding company is recruiting a *Financial Controller.*

In addition to normal financial control and advisory functions the applicant will implement installation of new upgraded computer system.

Salary: Circa £23,000, car and usual benefits.
Location: Heathrow Airport area.
Applications to: D.D. Salmon, Des Salmon (Services) Ltd. Chiltern Lodge, Old Hill Wood, Studham, Dunstable, Beds LU6 2NE.

FINANCE MANAGER

A key role in our growing business

Cardiff — **c.£30,000**

Wiggins Teape Carbonless Papers, with a turnover in excess of £300m p.a., is part of the Wiggins Teape Group, a highly successful subsidiary of B.A.T Industries and is a leading European Manufacturer and distributor of speciality papers for business use.

We are now seeking an energetic and professional Finance Manager to be based at the UK manufacturing headquarters in Cardiff. You will be responsible for the direction and development of the financial services of our UK manufacturing operations, spanning four different sites, with their own finance teams, and accounting for half of the company's turnover. As a member of the management team you will make a significant contribution to the planning and achievement of business objectives, ensuring that decisions are taken on the basis of sound financial information, and that the operations are supported by the required accounting systems and controls.

The Company has recently initiated an extensive programme of systems development, including a number of state-of-the-art financial packages; you will play a key role in ensuring the satisfactory implementation of these.

Ideally aged 35-45 you will be professionally qualified with well developed management skills and a proven record of effective contribution to the financial management of complex manufacturing operations. A working knowledge of French would be an advantage as some involvement with European operations may be necessary.

A salary of around £30,000 will be offered and a wide range of benefits that include a company car and generous assistance with relocation where appropriate.

Please reply in writing enclosing a full cv to R J Kendal at the address below:

Wiggins Teape Carbonless Papers Ltd
PO Box 88, Gateway House, Basingstoke, Hampshire RG21 2EE Tel: (0256) 842020

WIGGINS TEAPE

DIRECTOR OF FINANCE

Bristol Up to £25K plus benefits

Our client is a small private electronics company involved in research and development, manufacturing, servicing and distribution in both the UK and overseas. Their track record is one of success, with plans for continued expansion and growth.

Working closely with the Managing Director, you will be a key member of the senior management team with direct involvement in strategic planning and managing the Accounts Department. You will spearhead plans to develop existing computer *facilities* to provide integrated MRP and accounting systems. Apportioning overhead and technical costs to MOD requirements is also required.

A qualified graduate accountant with experience at management level (possibly in a manufacturing environment) along with a high level of computer literacy is needed for this challenging role. An attractive benefits package includes car, BUPA and non-contributory pension scheme – relocation assistance negotiable.

Please reply in confidence with a detailed CV quoting reference 177 to Barbara Wood.

KPMG Peat Marwick McLintock
Executive Selection and Search
15 Pembroke Road, Bristol BS8 3BG

Financial Director

South East

c£32,000 + Bonus + Car

Our client is a £27m turnover manufacturing and distribution subsidiary within an international group. The company is going through a period of significant change and seeks to strengthen the finance team.

The Financial Director will have total responsibility for the finance function with particular emphasis on tight financial controls and the improvement of management information reporting systems. Furthermore, as a key member of the executive team, the Financial Director will be involved in the running of the division and ensuring that future plans are implemented as well as developing liaison with the overseas operations.

Candidates should be qualified accountants, age indicator 33-40, with "hands" on experience of manufacturing and costing systems preferably achieved within an engineering environment. It is essential that candidates have the personal qualities to succeed. Relocation assistance will be provided where appropriate.

Please telephone or write enclosing full curriculum vitae quoting ref 304 to:
Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE

Tel: 01-839 4572
Fax: 01-925 2336

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

Financial Planning Officer

Salary on a range from £17,750pa to £21,590pa inclusive of London Weighting, Superannuation and Accountancy Allowances. Commencing salary dependent upon experience and qualifications.

A vacancy exists within the Sports Council for a newly qualified accountant/finalist to head up the Financial Planning Unit at the Head Office opposite Euston station.

The successful applicant will be responsible for the management of all staff within this growing unit which handles a very varied number of sports-related projects including the construction of national facilities, business projections for local management teams and organisation of events. In addition, the unit is responsible for producing and monitoring short-range and long-range financial projections for the Sports Council which has an annual budget of approximately £50 million.

The ability to construct and operate spreadsheets is required and financial planning experience, including risk analysis would be an advantage. Above all the generation of new ideas and practices is expected from a dynamic and innovative applicant.

For further details and an application form please send a POSTCARD to Patrick Haugh (quoting ref: 02/89/FPO), Personnel Unit, The Sports Council, 16 Upper Woburn Place, London WC1H OQP. Closing date: 27th January 1989.

AN EQUAL OPPORTUNITIES EMPLOYER

SPORTS COUNCIL

Financial Controller

S.W. London

c£30,000 + Bonus + S. Options + Car

This young and dynamic furniture importing and distribution company, expected t/o £7m, seeks a Financial Controller to support the Managing Director in the next phase of expansion plans.

The role has total responsibility for the finance function and candidates should bring a commercial approach to achieving further growth of the business coupled with a shirt sleeve style.

Candidates should be qualified accountants, age indicator 28–35, with proven computer systems experience, high level of commitment and a strong personality.

The company has exciting strategic plans including a future USM flotation. The attractive package includes future share options and board appointment.

Please telephone or write enclosing full curriculum vitae quoting ref 302 to:
Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE

Tel: 01-839 4572
Fax: 01-925 2336

Cartwright Hopkins

FINANCIAL SELECTION AND SEARCH

HunterPrint

GROUP FINANCIAL CONTROLLER

Northants £25,000 (Neg)+Car+Bonus

HunterPrint Group plc is a highly respected market leader in the printing industry with a reputation for quality and innovation. The Group incorporates a number of companies and operates from several locations, the Head Office being at Corby, Northants.

Reporting to the Group Finance Director and heading up a team of fourteen staff, this wide ranging position is responsible for ensuring the smooth and efficient running of the Group Finance Department, and for advice and guidance as required to subsidiary companies.

In addition to the timely provision of monthly financial and management accounts, the Financial Controller is responsible for Group budgets, cash flow forecasts and Treasury activities. Continuing development of the computerised accounting systems will also be a major part of the role.

Applicants must be qualified Accountants, aged 30-40 years, with large company experience, sound commercial awareness and a good knowledge of computerised accounting systems. Energy, enthusiasm and vision are essential for success, as is the personality and approach to quickly gain credibility and respect at all levels.

This is an outstanding opportunity to join a very progressive organisation and to contribute directly to its continuing growth and success.

A salary of £25,000pa is offered—negotiable for the right candidate—plus a company car and a comprehensive benefits package that includes bonus and share options

Please apply in writing, giving full career and salary details, quoting reference L/114/89 to Morag Lloyd.

KPMG Peat Marwick McLintock
Executive Selection
Arlen House, Salisbury Road, Leicester LE1 7QS. Telephone (0533) 471122.

FINANCIAL SYSTEMS CONTROL

Europe, Middle East and African Region

AMERICAN EXPRESS

£25,000 + Car + Bens

Brighton

Innovation, creativity and a commitment to quality ensures that American Express maintains its pre-eminent position in the field of financial and travel services. Through its four principal operating units the company offers a diverse and comprehensive product range.

Travel Related Services marks the foundation of the modern American Express company and markets some of the world's most distinguished brand names.

An excellent opportunity exists within this division for an individual to make a positive contribution to the company's future. As Applications Development Control Manager, leading a small team,you will play a significant part within the development of all new business systems (both PC and Mainframe). This broad role involves participating in the design, testing and implementation of computerised management information systems. You will also provide an advisory service to regional finance departments.

Candidates should be qualified Accountants, aged 25-35, with experience of financial systems review and development. Good analytical and communication skills are essential as is a flexible approach to successfully managing change.

The company offers an excellent benefits package which includes a mortgage subsidy and non-contributory pension scheme. Long term career opportunities exist within the Group.

Please apply directly to Penny Ridgett at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, evenings: 01-853 4009. Alternatively, fax your details on 01-836 4942.

RH ROBERT HALF

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester

Personal Tax Co-ordinator

International Company

Central London up to £28,000 + Benefits

Our client is a broadly based international company with operations in more than 100 overseas locations. Its strong financial position is a result of consistent growth and profitability, extending over fifty years.

The Personal Tax Co-ordinator will report directly to the European Tax Manager and be responsible for advising on personal tax issues throughout Europe.

The company operates a tax equalisation scheme for its expatriates working in Europe and the duties of the Tax Co-ordinator will include investigating plans for legally reducing personal taxes paid by the company and monitoring and participating in personal tax audits.

A young and motivated tax professional is required for this newly created position. He/she should have a logical and analytical approach, good communication skills and should possess a formal professional qualification.

At least 3 years' experience in personal tax (including taxation of expatriates and double taxation treaties) gained in a professional practice or multinational organisation would be an advantage.

A competitive salary is offered together with a comprehensive benefits package.

For further information contact Graham King on 01-831 2000 (evenings/weekends 01-785 6545) or write to him at the Taxation Division,
Michael Page Finance, 39-41 Parker Street,
London WC2B 5LH.

MP Michael Page Finance

International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

FINANCIAL CONTROL

key management accounting & planning role

Central London c£35,000 + car + mortgage

Our client is one of the most influential financial services groups. Following substantial growth arising from reorganisations, acquisitions and development of new businesses, this role has been created to strengthen the management team of a vital central service division supporting the group's very substantial and diverse activities.

Responsible for developing a proactive team, emphasis will be on improving financial planning and reporting procedures and enhancing financial awareness. This commercial role will involve advising on the financial implications of strategic plans and assisting with the overall control of a multi million pound budget.

Applicants should be qualified accountants, ideally aged early 30s, with strong interpersonal skills and proven management accounting and analytical experience. Future prospects within this dynamic group are extensive.

Salary is negotiable and benefits include a non-contributory pension, car and subsidised mortgage.

Please write with full career details to David Tod BSc FCA quoting reference D/798/JF

LLOYD MANAGEMENT

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

AE Aerospace Engineering p.l.c.

Financial Director

Cardiff *c£20,000 + Car + Substantial Bonus + Bens.*

The Client

Aerospace Engineering plc is a rapidly expanding group of companies within the engineering sector. With a current turnover in excess of £30m p.a., they have an impressive profit growth record to date and are now seeking to recuit a Financial Director for a recently acquired autonomous subsidiary.

The Position

Reporting directly to the M D and forming part of the Senior Management Team the successful applicant will be responsible for Strategic Planning, Profit Performance, Systems Development as well as the day to day running of the Accounts Department.

The Person

Candidates (age will not be a barrier) will be qualified Accountants who can demonstrate practical industrial experience together with a record of achievement within a progressive organisation. Applicants must be innovative, pro-active and achievers with good communicative and managerial skills.

The Rewards

The salary package on offer (including relocation expenses where necessary) show the commitment of our client to attract candidates who are motivated by achievement and who have the ability to further develop within this progressive organisation.

Interested candidates should contact Nick Stephens on 021-233 4450 (office hours) or 021-445 5055 (evenings and weekends). Alternatively, write enclosing a comprehensive C.V. to the address below.

Nicholas Andrews
Specialists in Financial Recruitment

Herbert House,
71 Cornwall Street,
Birmingham B3 2EE.
Telephone: 021-233 4450

RILEY

FINANCIAL CONTROLLER

£25k + Car + Benefits

North East Location

In the design and manufacture of its particular product range, my client is amongst the world's top companies. In the UK, they operate from a modern plant in the North East and have a reputation for the extensive use of advanced manufacturing and computer-based systems.

As Financial Controller for the plant, you will become a member of the senior management operating team and will be expected to make a significant contribution to the commercial and financial management of the Business. Your responsibilities will, therefore, cover a broad range of financial and management accounting activities, but key tasks would include planning and forecasting, maintenance and development of costing systems and evaluation of existing and new business.

Preferably C.I.M.A., you will already have several years relevant post-qualifying experience with a sound appreciation of computerised accounting systems and information technology. Above all, you will be the kind of person capable of working to tight reporting deadlines who will thrive on the challenge and responsibility offered within this dynamic and demanding environment.

The attractive salary and comprehensive benefits, including relocation assistance where appropriate, reflect the seniority of this position.

Initially please write, enclosing full CV to: Richard Lawson,
Riley Advertising (Newcastle),
Confidential Reply Service,
Rex Stewart House, 9 St. James Street,
Newcastle upon Tyne NE1 4NF.

Please list separately the names of any companies to whom you do not wish your application forwarded.

London Birmingham Bristol Edinburgh Glasgow Manchester Newcastle Nottingham

HUNGARIAN INTERNATIONAL BANK LTD

INTERNAL AUDITOR

The Hungarian International Bank requires an Internal Auditor to lead the bank's internal audit function. The successful applicant will propably be an experienced international banker with previous internal audit experience. An accountancy qualification though not essential would be an advantage.

Applicants will need to be confident in their ability to enhance and maintain an internal audit programme within a highly business orientated environment.

Attractive terms of remuneration commensurate with age, experience and qualifications will be offered to the right candidate.

Applications, which must be in writing and accompanied by a detailed curriculum viate should be addressed to:-

Miss A Andrews
Manager Personnel
Hungarian International Bank Ltd
95 Gresham Street
London EC2V 7LU

CORPORATE TAX ACCOUNTANT

Use your commercial acumen in a global environment

Commitment to quality, success and growth runs through every facet of our business. That's why the people we recruit need the vision, business acumen and talent to ensure our goals are achieved.

As Corporate Tax Accountant you would be playing a vital role in our future development by meeting the demands of our entrepreneurial managers for expert information on corporate taxation matters and helping to ensure that the impact of UK and foreign taxes on the group is kept to a minimum.

You should either be a recently qualified accountant or come from the Inland Revenue itself — but, whatever your background, it should include at least 12 months' specialist exposure to corporate tax activities.

This is an outstanding opportunity to capitalise on that experience and to gain an unparalleled insight into the way a major transnational business operates.

You will need well developed technical, accounting and interpersonal skills, as well as strong commercial awareness. You must be flexible in your approach and adaptable in your outlook because in a company the size and complexity of ours, no two problems can be treated exactly alike.

The right person is unlikely to be disappointed, either by the rewards or the prospects. As well as an attractive salary and a substantial benefits package which includes profit sharing, holiday travel opportunities and holiday bonus, you'll receive every opportunity to maximise your potential, including the encouragement to study for the ATII qualification.

Please send a full c.v., indicating present salary level, to: Recruitment & Selection, Ref: RJ/1210, British Airways Plc, "Meadowbank", PO Box 59, Hounslow TW5 9QX.

BRITISH AIRWAYS

Financial Controller

London

c£30,000 + Bonus + Car

Our client was established eight years ago and is now a leading design company with a superb client base of top quality household names in the UK, Europe and USA. In addition to winning coveted awards for its innovative and original textile designs it has also gained a high level of commercial success.

Resulting from its achievements to date the need has arisen for this new appointment to be made of a Financial Controller to participate in the next rapid expansion phase of the business and its future development.

The role will report directly to the Main Board and responsibilities will include all aspects of financial and management reporting, budgeting and forecasting. Broad commercial and administrative functions will also be covered and it is therefore vital that a commercial attitude is brought to the role along with a desire to work within a creative environment.

Candidates, aged 28-35, should be qualified accountants who have had sound practical accounting experience, be enthusiastic and have the ability to take initiative in a small but rapidly growing and ambitious team.

Please telephone or write enclosing full curriculum vitae quoting ref: 303 to:
Philip Cartwright FCMA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 01-839 4572
Fax: 01-925 2336

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Group Corporate Finance Manager

London — **to £45,000 + excellent benefits package**

Our client is a broadly based international retail group with a turnover in excess of £1.25bn, operations in 8 countries and many franchises across the world.

An exceptional opportunity exists for an experienced and ambitious finance professional to expand the group's centralised corporate finance and treasury functions. Your responsibilities will include overseeing treasury strategy for the group worldwide; undertaking acquisition and disposal reviews leading to negotiating and transacting deals; advising on and implementing financial policies and strategy and developing relationships with external bankers and advisers.

You should be aged 30-35, a graduate, preferably with a relevant professional qualification (MCT, MBA, ACA) and a successful background either in corporate treasury, investment management or corporate finance. You will be fully conversant with all aspects of corporate treasury and modern corporate finance theory. High intellect, excellent presentation and management skills are required for this high profile role, which forms part of the small management team influencing key strategic decisions.

Interested applicants should write enclosing a full CV and daytime telephone number, quoting Ref: 290, to Barry Ollier BA, ACA, Whitehead Rice, 295 Regent Street, London W1R 8JH. Tel: 01-637 8736.

Whitehead Rice
MANAGEMENT SELECTION

Banking on Internal Audit

c£25,000 + Bank Benefits

Our client is a major North American Financial Institution with European operations centred in London.

The company now wish to recruit a senior audit officer to work closely with the audit manager. This position will give exposure to senior line management and involve the assessment of risks and controls as well as the quality and effectiveness of management generally.

We are seeking a qualified accountant, who is self motivated, flexible and analytical in their approach. Prior exposure to the banking sector would be useful, whether in the public practice or in commerce. Opportunities are excellent for career progression within audit or other operational areas, once the successful candidate has a proven track record.

Interested accountants should contact **Diane Forrester ACA on 01-831 2000 or write to her at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

THE CHALLENGE OF AN INTERNATIONAL ENVIRONMENT

A40/M40 Corridor — **c. £28K Plus Car**

Rapid and profitable growth have generated some recent promotions and organisation developments, which have in turn resulted in this relatively rare international finance role becoming available. As part of a truly cosmopolitan team at the International Headquarters for this major division of a Multi-billion $ turnover US Multi-national, the responsibilities of the Finance Manager will include:

- Capital investment appraisal throughout the subsidiaries in Europe, Canada, the Far East and Australasia — this will be significant due to the current rapid growth.
- Control of and reporting on the Assets, Inventory and Receivables.
- Responsibility for recommending courses of action in such areas as Divisional, Export Credit, Tax and Treasury Planning.

It is envisaged that the successful candidate will develop in this role prior to undertaking the next opportunity within the Group. In order to take advantage of this situation the successful candidate (who will be a young Accountant) must clearly demonstrate the following:

- An affinity with the international environment and the ability to relate to overseas management.
- Ambition, enthusiasm and creativity with the ability to think laterally in the resolution of issues.

The role will involve a limited amount of travel.

Applications are invited from individuals currently living in the UK or overseas, who are actively looking to join a highly regarded international group.

If you are interested in discussing the situation further please contact Karen D Wilson BA ACMA on 01-491 3431 (or 0895 633429 evenings and weekends) or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and note of current salary.

FMS
Search and Selection Specialists
for
Financial Management

FINANCIAL DIRECTOR

Nottingham — **package c£35,000 + car**

With one of the leading brands, comprehensive product ranges and ambitious expansion plans our client is a major force in its competitive sector.

As a key member of the management team of its principal manufacturing subsidiary, the Financial Director will be a vital contributor to policy formulation. Initial emphasis will be on further improving costing and reporting procedures in order to provide a sound basis for performance appraisal and pricing strategy. This is therefore a 'hands on' role combining practical accounting with financial and commercial responsibilities.

Applicants should be qualified accountants aged early 30s with proven industrial experience, preferably gained in a group using sophisticated financial controls and the initiative, drive and flexibility to work closely with all disciplines of management.

The competitive remuneration package includes a profit related bonus.

Please write with full career details to David Tod BSc FCA quoting reference D/791/PF.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 01-405 3499

LLOYD MANAGEMENT

MWG

FINANCIAL CONTROLLER

The MWG Group of Companies is the fastest growing automotive sector trading house in the U.K. 1989 sales are expected to exceed £17M. The Group is mostly involved in exports from the U.K. to the rest of the world. There will be major product launches in 1989.

The Job

Responsible to the chairman, the Financial Controller will use a highly screen based system presently in progress to full automation. He will run the Accounts Department and maintain links with Bankers and Suppliers.

The Candidate

Age range preferred 30/40 years. Qualified. Automotive experience. Export experience an advantage. Computer experience essential.

The Rewards

£30K p.a. + Non-contributory Pension. Company Car. Health Insurance. Promotion to Financial Director as target.

Letters and full c.v. to
The Chairman
MWG House
Hanworth Lane
Chertsey Surrey KT16 9LA

M.W.G. Group of Companies

DM
DAVY McDERMOTT LTD

FINANCE *Manager*

Davy McDermott, a major company specialising in the design and project management of offshore oil and gas installations, is seeking an experienced Finance Manager to assist the Company with its expansion and development phase.

You will report directly to the Managing Director and join an established and highly motivated senior management team. Responsibilities will include managing the financial aspects of the Company's operations and advising management on the commercial considerations of a wide range of business options.

We are looking for an experienced senior accountant who is well used to pressure and responsibility and has good communication and interpersonal skills. It is unlikely that applicants below their mid-30s will have the required experience and maturity for this demanding role.

The substantial salary and benefits package is all that would be expected from a major employer.

In the first instance, please contact Ray Bettiss, Divisional Director of Personnel on 01-903 1333 for further information or send your C.V. to him at Davy McDermott Limited, McDermott House, 140 Wembley Park Drive, Wembley, Middlesex HA9 8JD.

Financial Director

Designate

Northern Home Counties, c £35,000, Car, Bonus, Benefits

A £15m turnover division of a major plc providing contract services in the public sector, seeks a highly motivated person to control its financial systems. The appointee will be responsible to the divisional managing director for all financial and management accounting functions and will be expected to provide profit performance guidance to other senior colleagues. Candidates, aged 35-45, should be chartered accountants with drive, enthusiasm and determination, able to develop the computer based accounting department to meet demands created by a significant expansion program. Experience with accounting requirement for contracts would be an advantage. There is a generous relocation package.

R.A. Flude, Ref: M15045/FT. Male or female candidates should telephone in confidence for a Personal History Form, ***061-832 3500, Fax: 061-834 8577, Hoggett Bowers plc, St. James's Court, 30 Brown Street, MANCHESTER, M2 2JF.***

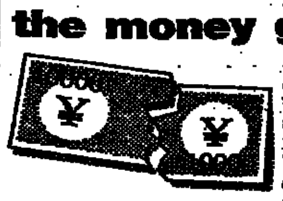
Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD and WINDSOR
A Member of Blue Arrow plc

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday January 12 1989

INSIDE

That's the way the money goes



It is a hard life for most foreign securities houses in Japan at the moment: "A bit like tearing up Y10,000 notes," says one broker. After years of effort and massive investment setting up in the Tokyo market, most firms are finding profitability as remote a goal as ever. Some analysts believe that losses will force more foreigners to follow Hoare Govett and give up on Japanese equities, but few are holding their breath for a major shake-out in the industry, reports Patti Waldmeir. **Page 25**

Swedes on an investment high

Sweden's stock market has risen to record highs for the past three sessions, as equity investors give the thumbs up to currency liberalisation plans contained in the country's new budget. Sara Webb reports. **Page 44**

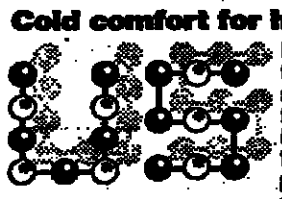
Stars of the UK high street

Ms Anita Roddick (left), managing director of Body Shop International, has been voted UK retailer of the year for 1988. Defying the general malaise in British high streets, the "natural" cosmetics and toiletries group yesterday reported a 55 per cent rise in annual profits. That other UK niche retailer, Sock Shop, also produced sparkling results yesterday: in this case a 43.5 per cent jump to pre-tax profits of £2.6m. **Page 29**

Deceptive side of gentle giants

Opponents of Thomson Travel's acquisition of Horizon, the deal cleared by the UK Monopolies and Mergers Commission yesterday, appear to have a highly fanciful notion of the relationship between size and muscle-power. The commission was told that Thomson had been working on a five-year plan to dominate the UK tour trade. But such a move does not necessarily make for a muscular giant capable of squeezing the life out of competitors, explains Christopher Parkes. **Page 29**

Cold comfort for hot chemicals



For the US motorist there is one sure sign that the country's chemicals industry is going through a purple patch: the price of anti-freeze has tripled. This is the clearest evidence to the average American of booming times in a sector which most forecasters believe will have another good year in 1989. There are many in the business, however, who are not so confident about its performance come the 1990s, write Peter Marsh and James Buchan. **Page 24**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Bay Vereinsbank	383	+	13
Bayer Hypobank	379	+	18.5
Feldmuehle	297	+	7
RWE Ord.	225.2	+	3.7
Kaufhof Ord.	418.5	+	6.6
Falls			
Nixdorf	330	−	11.1

NEW YORK ($)

Rises			
Emery Air	6⅝	+	⅝
Phelps Dodge	52⅝	+	⅞
Falls			
Fuller (H.B.)	26¾	−	¾
Millipore Corp	31⅛	−	2⅞
Procter & Gamb.	87⅞	−	1
Raychem	30½	−	4¼

New York prices at 12.30.

PARIS (FFr)

Rises			
CFP OS	18	+	4.6
Sme	58	+	6.8
Strafor	928	+	110.8
Vallourec	305.9	+	31.9
Via Banque	359	+	30.4
Falls			
TRT	1145	−	43.3

TOKYO (Yen)

Rises			
Ishii Iron Wrks	1390	+	160
Alpine Elect.	1230	+	130
Nippon Soda	791	+	78
Falls			
Ishii Prec Tool	995	−	75
Pokka	2300	−	150
Toyo Seikan	2350	−	140

LONDON (Pence)

Rises			
Bassett Foods	400	+	101
Cakebread Robey	162	+	12
De La Rue	444	+	11
Frogmore Est.	442	+	15
Greene King	468	+	18
Horne (Robert)	283	+	13
Int.City Hldgs	74	+	7
Johnstones Pts	220	+	14
Kwick	48½	+	4
M. & G. Grp.	272	+	9
Marston Thom.	177	+	6
Norcros	297	+	12
Norton Opax	172	+	15
Sothebys Hldgs	1305	+	85
Sthn.Bus. Grp.	357	+	20
Sun Life	913	+	18
Falls			
Armstrong Eq.	140	−	6
ERF (Hldgs.)	395	−	21
Enterprise Oil	502	−	6
Eurotunnel	559	−	9
Glaxo	1081	−	21
Hillsdown Hldgs	241	−	10
Peel Hldgs.	269	−	7
Sock Shop	180	−	8

Boldness has become the Abbey's habit

David Barchard looks at reasons for a stock market flotation

DERRING-DO has been Abbey National's consistent response to the challenges which have crowded in upon the once sedate building society industry in the 1980s. By next June, if the stock market flotation announced yesterday goes according to plan, it may have been rewarded for its boldness by becoming the third largest UK bank by capitalisation.

Going public is only the latest of a long line of innovations for Abbey National.

As Sir Campbell Adamson, the society's chairman, pointed out yesterday, the society's track record in the 1980s includes breaking up the old building societies' interest rate cartel, launching new products ranging from tiered deposit rate accounts to cheque book current accounts, and crossing the Channel, initially in Spain, into European markets in expectation of 1992.

No other building society, including Halifax, Abbey National's larger rival, has moved so far or so fast in diversifying from traditional savings and loans business. Several societies admit privately that they are waiting for Abbey National's flotation to go through before going ahead with possible Plc conversion plans of their own.

For, although both their savings and mortgage business have been booming in the last year, many executives in the larger building societies are well aware that medium and long-term pressure on them is likely to become more intense and there may be very limited scope for mutual institutions in the retail financial services markets of the 1990s.

Yesterday Sir Campbell summed up the disadvantages of remaining a mutual building society as Abbey National sees them. They are, he said, legal constraints on their ability to diversify into new lines of business; limited ability to operate in the wholesale money markets, and above all limited ability to raise new capital.

All these restrictions were eased by the 1986 Building Societies Act and the expansion of building society powers announced in the Review of Schedule 8 of the Act in February last year.

But even with this liberalisation, Abbey believes continued mutuality would impose too many restraints. It says that it intends to confine itself mainly to its traditional retail finance business and will not venture far, if at all, into corporate finance. But it believes it will be hard to live for long with the law's total ban on corporate business for mutuals and a 40 per cent ceiling on funding from wholesale sources. It would also have to depend for capital solely on its reserves and subordinated debt.

Sir Campbell Adamson, chairman of the Abbey National Building Society (left), and group chief executive Peter Birch at yesterday's flotation announcement

"Our competitors who are not building societies face none of these constraints," said Sir Campbell. Even those societies which are still committed to remaining mutual are aware that competition in open markets for traditional building society mortgage and savings business is likely to sweep away the majority of societies in the next decade.

Reports on the future of the building society industry commissioned by societies favouring staying mutual predict that the present 115 societies may be whittled down by mergers over the next decade to less than a dozen societies large enough to compete with the banks.

Abbey National, with assets of more than £30bn - around £10bnmore than TSB or the Royal Bank of Scotland, though around £15bn less than Lloyds, the smallest of the clearers - does not face the dilemma of being too small to survive on its own in the market.

In spite of its obvious strengths - 9 per cent of the UK's personal sector liquid assets, and more than 12 per cent of the UK's mortgage loans - Abbey National nevertheless needs to grow on several fronts to be able to bear comparison with the main clearers. Its branch network of 676 branches, is less than half that of TSB for instance and about a third the size of those of Lloyds or Midland Bank.

Sir Campbell said yesterday that Abbey National, though it intends to stick to retail banking, has post-1992 ambitions stretching beyond being a "regional UK-only business".

To grow on this scale from its present size, Abbey National will require injections of capital well beyond the initial £1bn it is planning to raise this summer. Most of this will probably go on refurbishing and expanding its existing branch network and boosting its money transmission capacity to levels approaching those of the major banks.

Since the decision to go public was first announced last March, prematurely as they now admit - Abbey National's directors - have spent nine lonely and painful months, beleaguered by the protests of a well publicised group of rebel members supporting continued mutuality.

They now hope that these objections will dissolve with most members eager to take advantage of a free share issue. Once the hurdle of seeking their approval has been surmounted, the real race will start.

Maxwell auctions Norton Opax stake

By Andrew Hill in London

MR Robert Maxwell, chairman and chief executive of Maxwell Communication Corporation, the UK publishing and information group, is putting his 25.6 per cent stake in Norton Opax, the security and specialist printer, up for sale by tender. The hope is to raise at least £77.5m ($140m).

Such a large holding could provide a platform for a bid, and the news, announced at an extraordinary general meeting of MCC, prompted a 9.5 per cent rise in Norton's share price. Norton said it would welcome the transfer of the stake into friendly hands but would resist any takeover attempts.

Mr Maxwell is asking at least 195p for each of the 33.7m Norton ordinary shares – a 24 per cent premium to yesterday's opening price of 157p – and 103p for each of the 11.5m convertible preference shares. Norton shares closed at 172p yesterday.

It was thought that Mr Maxwell might also sell his stake of more than 15 per cent in De La Rue, the financial printing company, in line with recent disposals of MCC printing interests, but the De La Rue stake has been retained. Earlier this week Société Financière de Genève, the Swiss holding company controlled by Mr Carlo De Benedetti, revealed it had built up a 4.9 per cent stake in De La Rue over the past six months.

Mr Maxwell picked up 22 per cent of Norton in 1986, after intervening in Norton's bitterly contested but successful takeover bid for McCorquodale, another printing group.

MCC said yesterday it also planned to sell around £70m worth of surplus property and property developments in the UK, and to dispose of other MCC subsidiaries.

The property and asset disposals, more planned disposals of subsidiaries of Macmillan, the US publisher, and the sale of three travel guides belonging to Official Airline Guides, should raise about $500m, estimated MCC.

Mr Robert Maxwell, MCC's chairman and chief executive, acquired OAG and Macmillan for a total $3.25bn through off-balance sheet companies before Christmas.

About $880m has already been realised through the management buy-out of BPCC, Britain's largest commercial printer, which was approved at yesterday's EGM, and disposals of other subsidiaries of MCC and Macmillan.

Swelling ranks of small investors

By Philip Coggan in London

THE Abbey National share offer will not only be one of the largest ever non-privatisation issues in Britain but it will also greatly increase the number of small UK shareholders.

Whatever the success of the money raising offer, Abbey's decision to distribute free shares to 5.5m eligible members of the society will be an enormous boost to the wider share ownership movement, already helped by the Government's privatisation programme.

Although many Abbey National members may already be among the UK's 9m existing individual shareholders, it still seems likely that the float will add at least 2m to 3m new shareholders to the list.

The £1bn ($1.7bn) that Abbey will seek to raise will be almost equal to the entire amount raised by non-privatisation issues on the new issue market last year. However, provided the price is right, Abbey is unlikely to have much difficulty underwriting the offer.

Last year institutions faced few calls on their purses, apart from British Steel and the Barclays £921m rights issue, and a series of cash takeovers enabled them to build up their liquidity.

The Abbey float will arrive in a gap in the privatisation timetable, which is currently awaiting the flotation of the water industry, scheduled at the earliest for the autumn.

However, the attempt to raise £1bn from private investors promises to be a massive undertaking. Many investors may simply take the £200-£250 worth of free shares and run, and not bother to apply for additional paid-for shares.

The best argument for persuading society members to apply for extra shares may be that easy profits are certain. That depends on two key assumptions.

The first is that general investor confidence in equities is sufficiently healthy to encourage a buoyant after-market for Abbey shares. The two largest issues of last year, British Steel and Racal Telecom, both suffered from the trade-deficit inspired gloom that descended on the UK stock markets in the later months of 1988; neither offer brought any cheer for the stags. Only the brave would forecast the stock market's mood next summer, when Abbey finally intends to float.

The second assumption is that demand from private investors will be sufficient to ensure that institutions are short of stock. Given that Abbey seems likely to be a constituent of the FT-SE 100 index, many institutions will need to buy shares in the after-market to ensure that they are sufficiently weighted in the stock. A ready supply of institutional buyers is likely to push the shares to a premium.

However, if private demand is sluggish, many institutions will merely obtain the required number of shares in their capacity as underwriters.

If all goes well, it is not inconceivable that a large proportion of the 5.5m eligible members may apply for shares – after all there were 5m applicants for TSB shares in 1986. But it might be more prudent to make assumptions on the 650,000 investors who applied for British Steel shares.

Ironically, the issue is likely to result in a sharp fall in Abbey National deposits at the time of the issue. Many small investors withdraw funds from their building society accounts in order to apply for new issues and there is a sharp fall in building society funds inflow at the time of privatisations.

Comparison with banks

Bank	Assets (£bn)	Capital (£m)	Pre-tax profits (£m)
Barclays	87.8	4,229	1,052
Nat West	87.0	4,959	1,266
Midland	48.5	2,685	511
Lloyds	44.9	2,393	818
TSB	19.7	2,268	276
Royal Bank of Scot	19.1	1,056	274
Bank of Scotland	11.0	654	157
Abbey National	**26.4**	**1,133**	**353**

Source: Phillips & Drew

Arnault set to take LVMH chair

By Paul Betts in Paris

MR BERNARD Arnault, the chairman of Financiere Agache, is poised to take over tomorrow from Mr Alain Chevalier as chairman of Moet Hennessy-Louis Vuitton (LVMH), in a climax to the long-running battle for control of the leading French champagne, cognac and luxury products group.

Mr Arnault, who has become the single largest shareholder of LVMH in partnership with Guinness, the British drinks group, is expected to be appointed chairman at a supervisory board meeting, with Mr Chevalier resigning. Mr Jean-Louis Masurel, the LVMH managing director, is also expected to resign tomorrow.

The group has been bedevilled by internal rifts for the past 18 months, ever since the Louis Vuitton luxury goods group merged with drinks group Moet Hennessy.

Mr Arnault is understood to have won the full support of Guinness in his bid to become chairman. Both Mr Arnault and Guinness opposed recent proposals made by Mr Chevalier and the Louis Vuitton camp, led by Mr Henry Racamier, to reorganise the group and give its drinks and luxury products businesses greater autonomy.

Mr Arnault is expected to hold talks with Mr Anthony Tennant, the Guinness chief executive, in Paris today as well as with other key shareholders of the group to finalise the top management changes to be made at the board meeting on Friday.

Mr Arnault and Guinness have built up a 40 per cent stake in LVMH, which now has a market capitalisation of FFr40bn ($6.5bn), the largest on the French bourse. The Arnault-Guinness stake is held through a joint subsidiary which is owned 60 per cent by Mr Arnault and 40 per cent by Guinness. The vehicle controls about 30 per cent of the voting rights in LVMH.

At this stage, Mr Arnault and Guinness do not appear to envisage increasing further their stake in LVMH and appear to have won the support of many of the members in the Moet-Hennessy camp, who currently hold about 14 per cent of the company. The Louis Vuitton camp owns about 23 per cent of the group's share capital.

Mr Arnault's appointment would mark a remarkable coup on the part of the young businessman, who was originally called in to the group by Mr Racamier last year. Mr Racamier was then in open dispute with Mr Chevalier, who at that time headed the Moet-Hennessy camp. Mr Chevalier subsequently called in Guinness.

The irony is that the two chief protagonists have been outflanked by their putative allies, who have now joined forces to take control of the group.

Cerus likely to bid for Dumenil

By George Graham in Paris

CERUS, the French holding company of Mr Carlo De Benedetti, the Italian financier, is expected to announce tomorrow a bid for 100 per cent control of Dumenil-Leblé, the French financial services group of which it already owns 27.7 per cent.

Both Cerus's and Dumenil's shares were suspended on the Paris stock exchange, but neither would make any further comment yesterday. The merger, if successful, would both give Cerus access to Dumenil's considerable cash resources and create France's fourth largest listed financial conglomerate. It would also reinforce Cerus's role as Mr De Benedetti's primary vehicle for European expansion.

Cerus is widely expected to offer its own shares in exchange for the 72.3 per cent of Dumenil it does not already own. Analysts predicted the offer could value Dumenil as high as FFr5.5bn ($880m). At the suspension price of FFr1,175, Dumenil has a market capitalisation of FFr4.7bn.

Cerus already exercises effective control over Dumenil, with Assurances Generales De France, the state-owned insurer, the second largest shareholder with around 12.5 per cent.

A merger, however, would bring Dumenil's estimated FFr1.5bn cash and FFr2.2bn equity capital onto Cerus's balance sheet, sorely battered after its abortive battle to gain control of Société Générale De Belgique. Dumenil last year recorded capital gains of FFr165m on the sale of its SGB stake and of FFr300m on its withdrawal from the Rivaud conglomerate. Also, funds set aside for raising its stake in Euromobiliare, the Italian merchant bank, were not used because of the arrival of Midland Bank.

The prospect of a merger was greeted with suspicion by Paris stockbrokers. Past operations conducted by Mr De Benedetti, especially the sale of the Buitoni food group to Nestlé, have made investors cautious of the valuations used for his companies, and some saw the bid as another in a series of operations designed to restore Cerus's finances.

Mr Alain Minc, Cerus's chief executive, uses a peculiar accounting method to value the group's Dumenil stake in his company's own books at FFr2.14bn at the end of 1988. The same technique, 20 times Dumenil's 1988 earnings of FFr400m, would put a price on the company of FFr8bn, 70 per cent above its suspension price.

INTERNATIONAL COMPANIES AND FINANCE

Procter in $1bn employee share ownership plan

By James Buchan in New York

PROCTER & GAMBLE, the big US consumer products group, intends to give its employees up to 20 per cent ownership in the company in a complex $1bn scheme to improve their retirement benefits and deter the threat of hostile takeover.

The Cincinnati-based group said the scheme would increase the employee stake in the company from 14 per cent now to 20 per cent.

Though broadly similar to employee plans announced by Phillips Petroleum, Hospital Corporation of America and Polaroid in the past two years, the Procter & Gamble employee-ownership scheme is probably the most ambitious undertaken.

The scheme is designed to use the tax advantages offered for employee ownership as a means of financing pension plans and a stock buy-back more cheaply. And, by concentrating stock in friendly hands, the scheme will make any hostile takeover harder.

The group, which has made sluggish progress in the 1980s because of a string of costly and difficult marketing battles, has sometimes been touted as a takeover candidate.

Starting in July, Procter & Gamble will create a so-called leveraged employee stock ownership plan which will borrow $1bn over 15 years, the loan being guaranteed by the company.

Because lenders to Esops get tax breaks on their interest income, they lend at interest rates up to 1.5 percentage points lower than usual, according to the group.

With the $1bn loan, the Esop will buy preferred stock from the company which will pay dividends to the employees at tax-advantaged rates and be convertible into common stock.

Procter & Gamble believes the scheme could cut sharply the cost of its pension plan over 15 years.

In addition, the company will use the proceeds of the preferred stock sale to buy in up to 12m common shares and thus improve returns to public shareholders.

Purolator Courier to buy Air Canada unit

By David Owen in Toronto

PUROLATOR Courier, Canada's largest courier company, is to acquire the overnight courier division of Gelco Express, a wholly owned Air Canada subsidiary, in a move which will eventually lead to the integration of the two operations.

As part of the deal, certain assets of Air Canada's own overnight courier division will be transferred to Purolator. On conclusion of the transaction – the terms of which were not disclosed – Air Canada will own 22 per cent of Purolator's common equity.

In addition, Air Canada and Purolator plan to enter into a long-term agreement whereby Air Canada will provide transportation for Purolator's future domestic air courier volumes. Gelco's same-day Canadian messenger system is not included in the present transaction.

Purolator is majority-owned by Onex Corporation, the Toronto-based leveraged buy-out specialist, having been acquired for C$234m (US$196.6m) in April 1987.

In its second quarter report, Onex projected a modest net loss for Purolator in 1988. The company said at the time that it was reviewing "the likely need" to add to Purolator's equity base to support faster-than-expected growth.

Purolator and Gelco will have a combined courier volume in excess of 300,000 packages a night.

Philips sells Selmer to New York LBO group

By David Brown in Amsterdam

PHILIPS, the Dutch electronics group, has announced the sale, for an unspecified sum, of the Selmer musical instruments company to Integrated Resources Acquisition, a New York-based company which specialises in leveraged buy-outs.

Selmer, one of the world's largest manufacturers of musical instruments, has annual sales of $93m and a workforce of just over 11,000.

Its brand names include Selmer (wind instruments), Ludwig (percussion) and Glaesel (strings).

The company, founded in the 1920s by two brothers, one of whom played first clarinet for the New York Philharmonic, has a large following among professional musicians. Among its clients are saxophonists Bill Evans and Branford Marsalis, drummer Ginger Baker, and a range of classical orchestral musicians.

Mr William Petersen, currently president of the company which once succeeded in attracting big band leader Benny Goodman to its board of directors, said: "We have a capacity to tailor-make any kind of instrument to suit the musician's need. We don't expect any changes as a result of this buy-out."

He added that management had an unspecified interest in the transaction.

Selmer was acquired by Philips in 1974 as part of the Dutch group's purchase of the Magnavox company, and the sale forms part of its withdrawal from non-strategic sectors outside electronics.

It is understood that the deal, which was concluded last month, will be booked against 1988 earnings.

Selmer has succeeded in building a presence in Japan, its biggest export market, where it competes against such established brands as Yamaha.

The announcement of the sale came after the Amsterdam bourse had closed. Philips shares were Fl 0.20 off at Fl 36.20, in line with the rest of the market.

Fears of downturn keep optimists in check

Peter Marsh and James Buchan on long-term concerns in the now buoyant industry

The price in US shops of a gallon of anti-freeze has tripled in the past year to about $9, the most evident sign to the average American of the booming times for the US chemical industry.

Most forecasters believe the sector will have another good year in 1989, although many in the business admit to a few worries about its performance in the early 1990s.

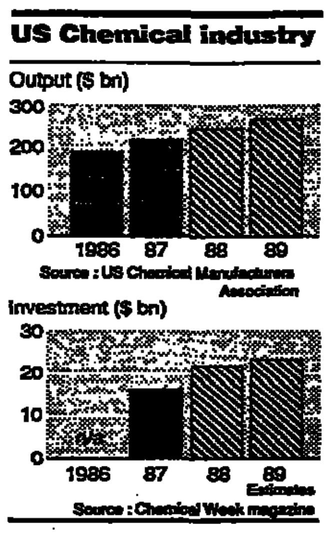
Anti-freeze, otherwise known as ethylene glycol, is one of a host of materials made from ethylene, a basic raw material for the chemicals industry. Ethylene has been in high demand in the US over the past year, due to the general surge in consumption of many ethylene-derived substances such as plastics and industrial chemicals.

The soaring demand has come at a time of constraint in production of many basic chemicals, due to a general lack of investment in new chemicals plants in the US since the sector went through a decline in the early 1980s. That, in turn, has led to steep price rises affecting many products, including anti-freeze.

The industry's good times have led to a profits surge for many big US producers of basic chemicals, including Dow Chemical, Quantum Chemical and Union Carbide.

The US Chemical Manufacturers Association is predicting another good year for 1989. It believes the industry's output of about $240bn last year will rise by 7 per cent in 1989, about the same amount as it increased over the past 12 months.

At the same time there has been a surge in investment. Capital spending in the industry was about $21bn in 1988, 24 per cent up on 1987. There will be a further 11 per cent



increase in 1988, according to a survey in Chemical Week, a US trade magazine.

Many executives in the chemicals industry expect the good times to continue, at least for the next year or two. Mr John Burns, chief executive of Vista Chemical, a big US producer of polyvinyl chloride, a large-selling plastic made from ethylene, says: "The fundamental outlook for the sector is pretty good."

The strong financial performance of many US chemicals producers has, however, made Du Pont, the US industry leader and the world's fifth biggest chemicals group, look flat-footed.

Du Pont, a vast and venerable company with sales of well over $30bn, has been held up by weakness in some of its diversified businesses, notably oil and gas and biomedical products.

These poor performances have obscured benefits from cost-cutting and skilled marketing in the traditional areas of Du Pont's market, such as fibres, polymers and agricultural and industrial chemicals.

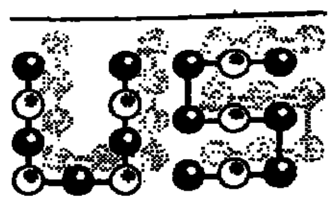
Du Pont's $7.8bn purchase of the Conoco oil and gas business in 1981, when chemicals companies were anxious about the security of feedstocks after the second oil shock, is thought by many to be at the root of the company's problems. Since 1981, oil prices have collapsed and the Conoco business has earned Du Pont only a modest return.

Ms Pat O'Brien, an analyst with the specialist chemicals research house, Anantha Raman, says: "With 20:20 hindsight, buying Conoco was the worst decision Du Pont could have made."

Wall Street is looking to Mr Edgar Woolard, who takes over as Du Pont chairman in April from Mr Richard Heckert, to dispose of part or all of Conoco. Mr Woolard, a highly regarded fibres executive who apparently had little to do with the Conoco purchase, has already said he will look carefully at all options for the business.

The Du Pont biomedical division, which has consumed hundreds of millions of dollars in research funds without a major product, has also disappointed Wall Street. Du Pont's recent decision to drop support for research into an anti-Aids compound, Ampligen, has increased investors' impatience. Some analysts say the business, although it has sales in excess of $1bn, lacks critical mass and Du Pont should expand or drop the operation.

The worries about Du Pont link with some of the underlying anxieties about the long-term strength of the US chemicals business. There are particular fears about the effects on the industry of a US economic recession in the 1990s.



Chemical industry

The chemicals sector sells roughly half its output to other manufacturing industries and is thus linked directly to the peaks and troughs in demand for capital goods. As a result, it is a notoriously cyclical industry which could well be in line for a downturn over the next few years.

Seen in this light, the profits surge for the sector since late 1987 may not be as attractive as it appears and may simply be compensating for the red ink that was spilling from the sector during the early 1980s, when demand for many basic chemicals had stalled.

The poor overall returns from the industry over the past decade have been illustrated by Mr Mark Fisler, a chemicals expert at CMAI, a Houston-based consultancy. He has produced calculations to show that – until demand and prices for many synthetic materials improved over the past year – chemicals companies would have done better economically by investing in Treasury securities, rather than putting their cash into new chemicals plants.

The upturn in investment triggered by the better times for the industry has led to a rash of new projects for bulk chemicals, notably ethylene. CMAI forecasts that total US capacity for this material will rise from 37bn lbs in 1988 to 46bn lbs in 1993.

That, however, has led to fears that demand for ethylene-based chemicals may not be enough to absorb the extra supply, a position which could lead to a downturn in prices and profits.

Mr Norman Young, senior vice president at the chemical division of Texaco, the US oil giant, says: "Historically the chemicals industry has been prone to over-invest. My concern is that we will misjudge demand."

Another problem may be the effect of the price rises for many chemical products on customers. Some in the US industry believe higher prices cannot be sustained for much longer without harming the industry's capacity for growth in areas like plastics for packaging and for the car and aerospace industries.

Mr Jerry Hamaker, a marketing manager at Exxon Chemical, says: "There is some concern that the price rises have been making some customers think twice about new applications."

In response to these worries, Du Pont – in a strategy which it shares with Monsanto, another of the big US chemical concerns – has been laying the foundations for achieving most of its growth in new science-based areas such as drugs.

Although the strategy has, so far, been expensive and has led to missed opportunities in the basic-chemicals boom over the past year, it may turn out to be the most sensible way of planning for the longer term.

This is the sixth and last article in a series on the US chemicals industry. Other articles on Monsanto, Dow Chemical, Union Carbide, Sterling Chemical and Quantum Chemical appeared on December 8, 14, and 22 and January 3 and 6.

Pan Am to shed services subsidiary

PAN AM, the US aviation group, has announced it is to sell its big contract services business to free capital for investment in its struggling airline, James Buchan writes from New York.

The announcement that Pan Am is looking for buyers for its Pan Am World Services subsidiary comes a week after the airline group said it would raise $115m by selling its orders and options for a fleet of Airbus aircraft.

The sales are designed to tide the airline, Pan American World Airways, over the slow winter months and improve its equipment and service. The airline suffered a catastrophic accident with the loss of its Flight 103 with all passengers and crew on December 21.

Insurer takes GPA stake

NORTHWESTERN Mutual Life Insurance, the 10th largest life insurance company in the US, has bought 1.4 per cent of GPA, formerly Guinness Peat Aviation, the financial services company which specialises in aircraft asset management, Our Financial Staff writes.

Northwestern Mutual paid about $22.4m for the stake, at a per share price equivalent to that paid last month by an Irish group for a 14 per cent holding.

INTERNATIONAL COMPANIES AND FINANCE

Massive increase in share activity at Brierley Investments

By Dai Hayward in Wellington

MORE THAN 100m Brierley Investments (BIL) shares, representing at least 6 per cent of the New Zealand company's issued capital, have changed hands in the past month.

BIL has declined to discuss who has been buying the company's shares and whether only one main purchaser is involved.

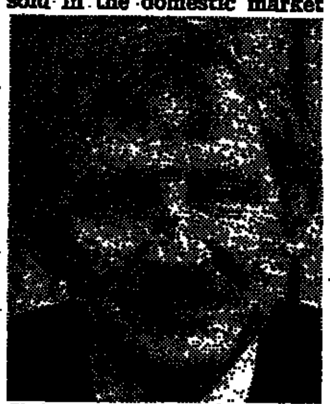
Mr Bruce Hancox, deputy chairman, said only that since the surge in demand some institutions had shown renewed interest in the company. Sir Ron Brierley, chairman, has claimed for several months that his company is undervalued on the market.

It is understood that some of the parcels brought in December have since been resold — possibly by investors taking a profit as continuing demand has pushed BIL's share price up more than 25 cents.

On some days, including last Friday, more than half the turnover on the New Zealand exchange was in BIL shares. On that day, the 3.5m shares traded made up 62 per cent of total turnover. Three sales, totalling 3.4m units, were off-market. Each transaction pushed up the price.

Interest has been maintained by large buyers — 11.8m shares were sold in Australia on Monday. In New Zealand that day, 1.85m BIL shares were sold followed by 3.1m units, or 53 per cent of total turnover, on Tuesday.

The surge in demand for BIL shares began on December 9, with 6.7m changing hands in New Zealand at NZ$1.14. Since then, 55.4m shares have been sold in the domestic market


Sir Ron Brierley: claims company undervalued

and 45.6m in Australia. BIL closed unchanged yesterday at NZ$1.40.

The demand for BIL's shares and their consequent gain in price has been a key reason for a rise in the Barclays index over the past week.

Japan tests foreign brokers' mettle

Patti Waldmeir on the battle for profits among international firms

After years of effort and massive sums spent setting up in the Tokyo market, most foreign securities houses in Japan find profitability as remote a goal as ever.

But although some analysts in Tokyo believe losses will force more foreigners to follow last week's lead from Hoare Govett and give up on Japanese equities altogether, few are holding their breath for a big shake-out in the industry.

Mr Henry Strutt, general manager of Jardine Fleming (Securities) in Tokyo, says: "I'm sure we will see others pulling out. From a strictly commercial point of view, we certainly ought to."

According to figures published last week by the Nikkei Financial Daily, of 47 foreign firms licensed by the Japanese Ministry of Finance more than 80 per cent lost money in the year to September.

Differences in the way firms charge research costs and other overheads make comparisons difficult, but it is clear that only a handful of them are making reasonable profits on their Tokyo operations while many more "are losing money like tearing up Y10,000 notes," in the words of one foreign broker.

Many firms established their Japanese operations at a time when global broking was generally believed to be a good thing, says Mr Strutt, but "with no real logic as to how the businesses might make money."

The 47 together account for under 4 per cent of trading volume on the Tokyo Stock Exchange.

And as pressure on profitability has increased in their core markets, firms are inevitably tempted to jettison what many consider to be peripheral operations in Japan.

The most extreme move so far has come from Hoare Govett, the UK broker owned by Security Pacific of the US, which last week announced it was withdrawing from all Japanese equity-related business, part of a wider restructuring which involves it abandoning gilts and Eurobonds in London as well.

Three weeks earlier, Citicorp Scrimgeour Vickers had said it was disbanding its equity research team in Tokyo and shifting its focus from the sale of Japanese stocks to more sophisticated equity products.

Given that neither firm was at the bottom of the pile in terms of profitability, the foreign broking community in Tokyo has naturally begun to wonder who might next succumb to the pressures of Tokyo's high-cost and highly competitive environment.

The answer, it would appear, cannot be determined simply by a quick glance at the profit-and-loss accounts of the various firms.

Mr Strutt says: "If decisions were being taken purely on hard-nosed commercial grounds, then many more would be pulling out."

He and others in the industry argue that the decision to withdraw is political as well as commercial, and that it can have long-term strategic implications.

Firms which leave today cannot expect to be welcomed back by the authorities when and if conditions improve. According to one local branch manager: "After wingeing and moaning for months about getting licences, the Ministry of Finance is not going to be amused if firms say they don't want them any more."

Sacking Japanese staff, in the land of secure employment, will not exactly help a firm's chances of attracting qualified employees to other branches of the business. And the stigma of a failed securities operation could damage the wider reputation of companies which have corporate finance or investment banking operations in Japan.

For many securities houses, too, abandoning the crucial Asian link in the 24-hour global chain is out of the question.

All this points to some serious retrenchment in the industry over the next six months or so — but probably few full withdrawals.

"The weaker-capitalised firms cannot afford to continue as they are," says one broker. "But the larger ones simply cannot afford to leave."

The pattern established by Citicorp and Security Pacific — US banks which have run into trouble over their acquisition of UK brokers — may suggest that pressures abroad could have more impact on the broker attrition rate in Tokyo than conditions in the local market.

But the consensus in the industry is that, on its own merits, Japan can probably support no more than 10 to 15 foreign securities firms profitably, and many fewer which focus primarily on equities.

Simple overcapacity is not the only problem, argues one experienced foreign broker. Indeed, with 47 firms fighting for under 4 per cent of the market, overcapacity is undeniable, but it's not just a matter of too many brokers chasing too little business. "The problem is that too many of them are running half-cocked operations."

Some brokers argue that, in future, the best profits will come from developing and trading derivative products rather than straight equities, where competition from the Big Four Japanese houses is fierce.

Others believe that foreigners can add value to the business of selling Japanese stocks to Japanese customers, although it is difficult to resist the logic of the view expressed by Citicorp's Mr Peter Scorpil, that "there is not a Japanese customer alive who has any interest in our recommendation on a Japanese stock."

Everybody agrees that there are too many foreign brokers in Tokyo, and most think there both should and will be fewer.

But at the moment, the signs are that life will not get much easier for foreign houses in Tokyo for some time to come.

TOP 10 FOREIGN BROKERS IN JAPAN
(by TSE volume, fourth quarter 1988)

1.	Morgan Stanley
2.	Goldman Sachs
3.	Salomon Bros
4.	Baring
5.	First Boston
6.	W.I. Carr
7.	Jardine Fleming
8.	Prudential Bache
9.	S.G. Warburg
10.	Merrill Lynch

FOREIGN FIRMS' EQUITY MARKET SHARE

Year to September	1988	1987
Foreign firms' trading volume	20.4bn shares	14.2bn shares
Total trading volume	537.9bn shares	532.6bn shares
Foreign firms' share of total	3.8%	2.7%

Source: J

Wacoal plans move into European lingerie field

By Alice Rawsthorn

WACOAL, the Japanese group which is one of the world's largest underwear manufacturers, plans to move into the European lingerie market.

The group intends to open a European office, probably in France or the UK, by the end of this year. It is also considering the feasibility of establishing a presence in southern Europe, possibly Greece.

Wacoal, which dominates the lingerie market in south-east Asia, recently expanded into the US.

It still commands a comparatively small share of the overall US market, but has made significant inroads into the premium sector.

Whereas other areas of the European textile industry have been eroded by low cost competition from the Far East, lingerie is still dominated by the multinational North American and European manufacturers.

When Wacoal enters the European market it will face competition from the big US groups — such as Playtex and Warner — which moved into Europe in the post-war period and from Triumph, the privately-owned Swiss company.

Raised bid for Taubmans

By Ian Hamilton Fazey

COURTAULDS, the UK textiles group, yesterday increased its offer to buy out the minority shareholders of Taubmans Industries, an Australian paint company in which it already holds 56 per cent.

The Australian Government would not oppose the company becoming wholly owned, Courtaulds added.

Courtaulds claims to be the world's eighth largest paint maker through its International Paint subsidiary, dominating marine and protective coatings markets globally. It is second to ICI in Australian markets overall.

The new offer price for Taubmans is A$5.70, up 70 cents from the initial bid made on November 28. The offer will also be ex-dividend, enabling shareholders to keep a 6 cent interim payout. This values Taubmans at A$104.7m (US$90.8m). The cost of the acquisition will thus be A$45.7m.

INTL. COMPANIES

Suez to transfer holdings to Générale

By Paul Betts in Paris

COMPAGNIE Financière de Suez, the French privatised financial group, is planning to transfer a number of its shareholdings in major French industrial groups to Société Générale de Belgique, the Belgian conglomerate controlled by Suez.

Suez will transfer its 5 per cent holding in Bouygues, the leading French construction group with media interests, as well as its 10 per cent stake in Accor, the French hotel chain, and its 2.2 per cent interest in Club Méditerranée, the French holiday resort group, to La Générale.

Suez yesterday declined to comment on the planned transfer of assets. However, the operation is widely seen as part of an internal reorganisation between Suez and the Belgian conglomerate it now controls after a fierce takeover battle against Mr Carlo De Benedetti, the Italian entrepreneur, last year.

Suez had already announced at the end of last year plans to transfer to La Générale some of its industrial portfolio assets without naming the companies involved. The transfer is now expected to be formally announced after an executive board meeting of La Générale at the end of this month.

Behind the transfer is Suez' view that the Belgian conglomerate has a more pronounced industrial character than itself. None the less, Suez is expected to maintain its traditionally close relationships with the three French industrial groups in spite of the proposed transfer.

At this stage, the transfer is expected to involve the stakes Suez holds in Bouygues, Accor and Club Med and not in other industrial groups such as the privatised Saint-Gobain glass concern. Suez holds a 5 per cent stake in Saint-Gobain, which is eventually expected to rise to about 7 per cent.

RAS shares fall despite discounted rights issue

By Alan Friedman in Milan

SHARES in Riunione Adriatica di Sicurta (RAS), the second biggest Italian insurance concern that is majority owned by West Germany's Allianz Versicherung, were marked down yesterday on the Milan bourse following news of plans for a L372bn ($278m) rights issue.

The most striking feature of the equity offer, which will be on the basis of three new shares for every 10 savings or ordinary shares already held, is that the stock is to be offered at an 82 per cent discount on Tuesday's price for RAS ordinary shares of L44,610.

The shares are to be priced at L8,000 each, as are the savings shares, for a discount of 60 per cent. The rights issue is also to be accompanied by a bonus scrip issue.

In spite of the deep discount involved, the Milan bourse yesterday reacted very negatively to the RAS rights offer. It marked down the insurer's savings shares by 7 per cent to L18,200 and the ordinary shares by 1 per cent to L44,350.

Analysts said the market was expecting a scrip issue and resented having to pay for new shares even at an enormous discount.

Mr Umberto Zanni, chairman and managing director of the Milan-based RAS, said yesterday that he does not have any particular acquisitions in mind. "We are raising the funds in order to strengthen ourselves for the challenge of 1992," he said.

Mr Zanni said the steep discounting of the shares being offered in the rights issue "is meant to be attractive to shareholders on the Milan bourse, where such incentives are desirable."

Roche in biotech tie-up

By Peter Marsh

F.HOFFMANN-LA Roche, the Swiss pharmaceutical group, has signed an agreement with Cetus, a US biotechnology company, that could lead to the development of novel diagnostic products for illnesses such as cancer and AIDS.

Under the agreement, Roche will have the exclusive rights to market products based on a technique developed by Cetus to spot tiny fragments of genetic material in the body.

The presence of specific fragments of this kind may provide clues as to whether a person is suffering from, or likely to contract, a number of diseases including certain kinds of cancers and genetic disorders.

As a result of the deal with Cetus – in which Roche has recently invested $15m, giving it a 3 per cent stake – Roche hopes to develop new chemicals which will help it to further its position in the world's $6bn-a-year market for products in medical diagnosis.

Such products are used in hospitals and medical laboratories to monitor a range of physiological conditions. Roche is one of the leaders in this business, which it shares with others which include Smith-Kline Beckman and Abbott Laboratories, two US companies. Cetus said it knew of no other company which had the ability to spot such tiny pieces of genetic material effectively.

Veba Oel sells US energy unit

By Our Financial Staff

VEBA OEL, a subsidiary of Veba, the West German conglomerate, has sold Mark Producing, its US-based natural gas unit, to Consolidated Natural Gas of the US and Japan Petroleum Exploration for $245m.

Veba said that, as of January 1, 1989, Consolidated Natural Gas owns 60 per cent of Mark Producing, while Japan Petroleum holds the rest of the company.

The West German group said it had decided to sell Mark Producing, which it had owned since 1981, because of its losses over the past few years.

Mark Producing controls gas reserves of 5.7bn cu m in the Gulf of Mexico, where it also holds oil reserves of about 5m barrels. In 1987, the company produced 413m cu m of gas.

Veba, meanwhile, is boosting its own oil production. Last year, the company increased its share of equity production in the consortium with the Libyan National Oil Company to 49 per cent, or 30,000 barrels a day, from 17 per cent or 10,500 b/d.

● Thyssen Stahl, the steel arm of Thyssen, the West German conglomerate, said it swung to a net profit of DM342m ($196.4m) in the fiscal year ended September 30, 1988, from a loss of DM209m a year earlier.

Figures were adjusted in both years to reflect changes in German accounting procedures. The turnround reflected higher prices, increased sales and lower personnel costs.

In 1987-88, sales rose 7.9 per cent to DM9.24bn from DM8.56bn a year earlier. In volume terms, sales were up 7 per cent. Cash flow, consisting of net profit, depreciations and fund pension contributions, rose to DM1.162bn from DM724m.

INTL. APPOINTMENTS

New Pillsbury chief faces difficult task

By Karen Zagor in New York

PILLSBURY, the Minneapolis food and restaurant group recently acquired by Grand Metropolitan, of the UK, has appointed Mr Ian Martin chairman and chief executive.

Mr Ian Martin

Mr Martin, 53, replaces Mr Philip Smith, who resigned after holding the positions for only five months. Mr Smith had unsuccessfully tried to fend off GrandMet's $5.75bn tender offer for Pillsbury at the end of last year.

In his new role, Mr Martin faces the difficult task of heading a company (Pillsbury) where morale is low after two-and-a-half months of fighting the takeover and a long period of sluggish performance.

Sales at Pillsbury's Burger King restaurants have fallen steadily despite heavy advertising campaigns. Furthermore, the company's flour and packaged food business saw no growth in volume in its second quarter to November.

GrandMet plans to use Pillsbury as the headquarters of its worldwide food interests, which include Express and other British businesses. It believes its experience in food retailing in Europe will help Pillsbury's brands develop in that market. Moreover, it sees a large European potential for Pillsbury's leading expertise in microwave foods.

A native of Dundee, Mr Martin joined GrandMet in 1979, in the company's Watney Mann & Truman brewery subsidiary, where he became chairman and chief executive officer in 1982. He was elected a director of GrandMet in 1985 and was named chief executive of US operations in 1986.

Mr Martin will be based at Pillsbury's corporate offices in Minneapolis.

Signs of a management shake-up at Apple

By Louise Kehoe in San Francisco

THE RESIGNATION of Mr Charles Boesenberg, Apple Computer's senior vice president in charge of US sales and marketing, may signal a management shake-up at the personal computer company, according to industry analysts. They noted several changes at the company over recent months.

Mr Boesenberg is leaving Apple to join MIPS Computer Systems, a Silicon Valley developer of high performance microprocessors, the core chips for many of the latest generation of desktop workstations.

Apple said that Mr William Coldrick would take over from Mr Boesenberg at Apple USA. Mr Coldrick was previously vice president and general manager for Apple USA's Northwest operations.

Mr Allan Loren, president, Apple USA, commented: "We understand Chuck's personal career decision to join a promising Silicon Valley company at the founding level." Mr Boesenberg had spent two years at Apple.

Industry analysts said, however, that Mr Boesenberg's departure is a sign that Mr Loren, who joined Apple last year, is putting his stamp on the organisation.

Prudential Bache analyst Mr Kimball Brown said: "Loren is shaking things up like crazy. The new general is setting up his lieutenants to set the tone for the 1990s."

Analysts said that several key Apple executives have left the company in the past few months. Former chief operating officer Mr Delbert Yocam, who had been reassigned to other duties, has announced plans to leave, while chief financial officer Mr Deborah Coleman is about to take a five-month leave of absence.

Capel makes Far East changes

JAMES CAPEL, the London-based global investment house, announced a management reorganisation within its Pacific Basin divisions.

Mr Christopher Rampton, a Capel board director, has been appointed chief executive in Hong Kong, where he will oversee the expansion of the group's activities in the Far East region.

Particular emphasis will be placed on Japanese markets as an area targeted for strong growth. Mr Roger Atkins will remain managing director of Capel's Tokyo office.

Mr Tim Fiducia, who oversaw strong expansion of the Hong Kong operation, is returning to London to co-ordinate the group's build-up in the emerging markets around the Pacific Basin. Capel's operations include Bangkok, Hong Kong, Singapore, Sydney, Taipei and Tokyo.

INTERNATIONAL CAPITAL MARKETS

Trading subdued ahead of $7bn Treasury auction

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds moved in a very narrow range yesterday with prices tending marginally weaker on the last day of the two week reverse period.

At midsession, short-dated maturities were quoted around ⅛ point lower while longer-dated issues were mixed. The Treasury's benchmark long bond was quoted ⅛ point lower for a yield of 9.04 per cent.

Trading was particularly subdued during the morning as the market prepared for yesterday's $7bn auction of seven-year bonds. The peak of the yield curve is currently around the seven year area which should, in theory, encourage demand.

However, with short-term rates offering such a healthy return, the extra yield in the seven-year area may not be worth the risk of the longer maturity, particularly as expectations are that interest rates will rise further in the next few months.

It seems to have become increasingly clear that the Fed has tightened policy since the New Year although bond analysts were yesterday waiting to see where the Fed funds rate opened today, the first day of the new statement period.

Money market analysts have reached a near consensus on the new Fed funds target which they now believe to be between 9 per cent and 9¼ per cent or even as high as 9⅜ per cent.

Yesterday, the Fed announced $1.5bn in customer repurchase agreements when Fed funds were trading at 9⅛ per cent, consistent with a target range of 9 per cent and 9¼ per cent. However, by midsession, the funds rate had moved up to 9¼ per cent.

IN FRANCE, bond prices firmed as the franc continued to perform well against the D-Mark and call money also eased.

During an active day on the Matif, where the notional 10 year futures clocked up 53,000 lots, the March contract ended at 108.54 after opening at 108.28.

The domestic institutions are heavily liquid as insurance premium coupon payments are at seasonal highs, and this factor is said to be boosting demand. The spread between French and West German 10 year bonds.

THE UK government bond market passed another featureless day despite the strength of sterling. Traders have for the time being bid farewell to last year's happy pattern of a stronger currency heralding lower interest rates.

The news, widely anticipated by the market, that Jaguar workers voted to reject their pay offer, barely affected sentiment. The main technical factor underpinning the market is Friday's reverse auction.

Yesterday morning there was already some interest from market-makers positioning themselves in the auctionable stocks. The 10 per cent exchequer due 1989 is yielding 12.45 per cent, and the 11 per cent exchequer, 12.22 per cent.

GOVERNMENT BONDS

WEST GERMAN bonds firmed by around 40 basis points yesterday, helped by co-ordinated central bank intervention to stem the dollar's rise, together with the results of the repurchase allocation.

Inflows matched outflows, which cheered a market prepared for a modest draining of liquidity. Instead the Bundesbank injected DM13.5 bn. The fixed rate of 5 per cent, announced on Tuesday, was also seen as positive factor, as dealers felt a variable rate would have entailed rather higher rates.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	109-09	+3/32	10.71	10.83	10.98
		8.750	9/97	92-06	+4/32	10.13	10.18	10.24
		9.000	10/08	97-26	+5/32	9.24	9.33	9.27
US TREASURY *		8.875	11/98	97-25	+2/32	9.22	9.20	9.05
		9.000	11/18	99-19	+2/32	9.04	9.07	8.93
JAPAN	No 111	4.800	6/98	98.9578	-0.129	4.76	4.78	4.60
	No 2	5.700	3/07	109.1652	-0.214	4.76	4.79	4.76
GERMANY		6.750	8/98	100.7000	+0.225	6.67	6.66	6.59
FRANCE	BTAN	8.000	10/93	98.1401	+0.113	8.47	8.53	8.58
	OAT	9.500	5/98	106.2500	+0.250	8.49	8.63	8.70
CANADA *		10.250	12/98	99.8750	+0.375	10.27	10.25	10.05
NETHERLANDS		6.7500	10/98	100.4750	+0.050	6.76	6.70	6.63
AUSTRALIA		12.500	1/98	98.3089	+0.129	12.81	12.98	12.52

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on January 11

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	†92¾	93⅛	0	−0⅜	10.23
A/S Eksportfinans 7¼ 92	150	92⅝	93⅛	0	−0¼	10.09
B.F.C.E. 7 92	150	92⅛	92½	0	−0¼	9.90
Brit. Tel. Fin. 9⅜ 98	250	97⅜	97⅞	0	0	9.75
Canada 9 96	1000	97⅛	97⅝	+0⅛	0	9.51
Canadian Pac 10¼ 93	100	†101	102	0	−0½	10.27
C.C.C.E 9¼ 95	300	97⅜	97⅞	+0⅛	−0⅛	9.77
C.N.C.A 9⅜ 93	150	98⅛	98⅝	0	−0¼	6.78
Credit Lyonnais 9 91	200	†98⅜	98⅞	+0⅛	−0⅛	9.72
Credit National 8¾ 93	200	94⅛	94⅝	0	−0¼	9.87
Credit National 7⅞ 92	100	93	93½	0	−0⅛	9.85
Credit National 7¼ 91	150	†93⅛	93⅝	0	−0⅜	9.96
Dai-Ichi Kan 9⅝ 92	150	99	99⅜	0	−0⅛	9.89
Denmark 7⅛ 92	500	92⅛	92⅜	0	0	10.00
E.E.C. 7 91	100	93⅛	93⅝	0	0	9.72
E.E.C. 7¼ 93	250	91½	92	0	+0⅛	9.75
E.E.C. 8 90	350	†97⅛	97⅝	0	−0¼	9.94
E.I.B. 7⅝ 93	100	91¾	92¼	0	−0⅛	9.74
E.I.B. 9⅜ 97	150	98⅛	98½	0	+0⅛	9.67
Elec. De France 9 98	200	95⅜	95⅞	0	+0⅛	9.73
Finland 7⅞ 97	200	89⅛	89⅝	0	−0⅛	9.84
Finland 7½ 93	200	91⅛	91⅝	0	−0¼	9.87
Finn.Exp.Cd. 8½ 92	200	96	96½	0	−0⅛	9.91
Ford Motor Credit 8 91	250	†96	96½	+0¼	0	9.96
Gen.Elec.Cap.Corp. 9 93	500	96½	97⅛	0	−0¼	9.86
Gen Elec Credit 10¼ 00	200	99⅞	100⅜	0	0	10.21
Gen.Mtrs.Corp. 9⅛ 92	200	97⅞	98⅜	0	−0⅛	9.74
Halifax BS 9½ 93	200	†97⅞	98⅛	0	−0⅛	10.01
IBM Credit Corp. 8⅞ 91	250	98	98½	+0⅛	−0⅛	9.59
Italy 9 90	1000	†98⅞	99⅞	+0⅛	+0⅛	9.36
Italy 9½ 95	1000	98¼	98¾	0	−0⅛	9.80
L.T.C.B of Japan 8 91	100	95⅜	96	−0⅛	0	9.96
L.T.C.B. of Japan 8 97	200	89⅛	89⅝	0	0	9.99
Metropolis Tokyo 9½ 93	200	99⅝	100⅛	0	+0¼	9.54
Morgan Guaranty Tst. 7 90	150	†96⅜	96⅞	0	−0½	10.17
Nippon Tel.&Tel. 9⅜ 98	250	97⅞	98⅜	+0⅛	+0⅝	9.67
Norway 8¾ 93	500	96½	97	+0⅛	0	9.72
Portugal 8¼ 91	300	†97⅛	97⅝	0	+0⅛	9.60
Prudential Crp. 8¾ 94	125	96⅝	97⅛	+0⅛	+0⅛	9.48
Qantas Airways 10⅜ 95	140	102⅛	102½	0	0	9.86
Saskatchewan 10¼ 92	100	101¾	102¼	−0⅛	−0¼	9.95
State Bk S Aust 9¼ 93	100	97⅜	97⅞	0	−0¼	9.97
Sumitomo Bank 9⅜ 92	150	99⅛	99½	0	−0⅛	9.85
Swed Exp Cred 7¼ 91	100	†93½	94	0	+0¼	9.80
Sweden 7 91	250	93¼	93¾	0	−0⅜	9.79
Sweden 7 92	250	†92½	93	+0⅛	−0⅛	9.82
Sweden 8¾ 96	200	94⅞	95¼	0	0	9.73
Sweden 8½ 92	200	†96¼	96¾	0	−1⅛	9.66
Victorian Rep 11⅜ 92	150	104⅛	104⅝	0	−0¼	9.96
World Bank 7 92	300	†92¾	93¼	+0⅛	−0⅛	9.76
World Bank 9 97	300	96¼	96¾	+0⅛	+0⅛	9.60
World Bank 9⅞ 98	300	97⅛	97½	0	−0⅛	9.69
Yasuda Trust Fin 8½ 93	100	†94½	95	0	0	9.99

Average price change... On day +0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	101⅝	102¼	+0⅛	−0¼	5.62
Avis Fin.SVS 5⅞ 92	100	100	100½	0	−0⅜	5.78
Bank of Tokyo 5¾ 93	100	100¾	101¼	−0¼	−0¼	5.47
Central BK. Turkey 7 92	200	103	103½	−0⅜	−1	5.99
Commerzbank o/s. 5⅜ 93	300	99½	100	−0⅛	−0⅝	5.45
Degussa Int. 6⅛ 97	200	100⅛	100⅞	−0⅛	−0¼	6.04
E.I.B 5½ 98	150	95⅛	95⅞	0	0	6.14
E.I.B 6 97	300	98¾	99½	0	−0⅛	6.14
E.I.B. 6⅛ 96	300	99⅜	100	0	−0½	6.16
E.I.B. 6⅛ 97	400	99½	100⅛	0	−0¼	6.14
E.I.B. 6⅞ 95	300	103⅜	104⅛	0	−0⅝	6.18
Euro.Coal & Steel 5⅞ 97	175	97⅞	98½	−0⅛	−0¼	6.17
Eurofima 6¼ 96	100	101⅝	102⅜	0	−0⅞	5.90
Elec De France 5¾ 97	300	97⅝	98⅜	0	−0¼	6.05
Forsmark Krtg. 5⅛ 93	200	97⅞	98	−0⅛	−0⅞	5.78
I.A.D.B. 6 97	200	98⅜	99	0	−0⅝	6.21
Japan Dev. Bk. 5⅞ 95	300	98⅞	99⅛	0	−0⅜	5.61
Japan Finance 5¾ 97	100	97⅜	98	0	+0¼	6.11
Ireland 6½ 97	300	100¾	101¼	+0⅛	−0¼	6.33
Malaysia 6¼ 94	150	99⅝	100⅛	0	−0½	6.29
Nat. West BK. PLC 6 98	300	†96¾	97¾	−0⅜	−0½	6.40
N.H.L. Finance 6¼ 95	200	†99¾	100¼	0	0	6.25
Nippon Telg.&Tel. 6 95	400	†101¾	102¼	−0⅛	−0⅜	5.96
Oesters. Kontbk. 5 93	300	98⅛	98⅞	0	−0½	5.42
Portugal 5⅜ 92	150	100⅝	101¼	+0⅜	+0⅜	5.46
Portugal 6⅝ 95	150	101¼	102	0	−0⅜	6.31
Privatbanken 5¼ 93	150	97⅞	98½	+0⅜	+0⅛	5.77
Royal Insurance 5½ 92	300	100⅜	100⅞	+0⅜	+0⅜	5.27
Soc Cent Nuclear 7¼ 95	150	104½	104⅞	+0⅛	+0¼	6.37
Turkey 6½ 95	500	97¼	98	+0⅛	0	6.97
Westlb. Finance 5 93	200	†98¾	99¼	0	0	5.27
World BK. 6¼ 97	600	99⅞	100⅜	+0⅛	−0⅝	6.21

Average price change... On day +0 on week −0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†100	100¼	−1⅛	−1⅛	4.97
Asfinag 5 03	100	†98¼	98¾	−1¾	−1¼	5.15
B.F.C.E. 4½ 98	200	†96¼	97¼	−1	−1¼	4.90
B.M.W. Fin.Neth. 5 13	150	†95½	95¾	+0¼	−0⅞	5.32
Britannia B/S. 4¼ 94	100	†96¼	97	−0⅛	−0¼	4.97
CIR. Int. W/W 3 93	125	†97	97¼	−0½	+0⅜	3.70
Credit Lyonnais 4¾ 00	100	†96½	97	−0⅛	−0⅞	5.13
E.I.B 4⅝ 98	150	†98¾	99	+0⅛	−0⅜	4.77
Fletcher Chall. 4⅞ 98	150	†96½	97	+0⅝	−0¼	5.33
Kobe City 4⅝ 98	150	†97½	97¾	0	−0⅝	4.94
Leeds Perm. B/S. 4⅛ 93	200	†95½	96	−0¼	−1⅝	5.26
Malaysia 5¼ 98	100	†97½	98	−1⅛	−0¼	5.56
Maxwell Comm.Crp. 5 95	150	†100¼	100¾	+0⅛	−0¼	4.90
Nat. Bk. Hungary 5½ 94	75	†97¾	98¼	0	−0⅜	5.91
Nationwide Ang.B/S. 4 93	200	†95⅛	96	+0⅞	−0⅜	5.06
Nippon Telg.&Tel. 4¼ 95	200	†98	98¼	0	−0½	4.58
Oesters.Ktbk. 5 03	75	†100¾	101	−0⅝	−0⅛	4.91
Prov. New Foundland 5 03	150	†100	100¼	−0¼	−0¼	4.99
Thailand 4⅝ 95	200	†95	95¾	−0⅛	−0½	5.48
World Bank 5 03	150	†99	99½	−0⅛	−1⅛	5.07

Average price change... On day −0¼ on week −0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	101⅞	102⅛	0	−0¼	4.80
Belgium 4⅝ 94	45	98¼	98½	+0⅛	−0⅛	4.97
Canada 4⅞ 92	80	98⅜	98⅞	0	−0⅛	4.77
Elec. De France 5⅛ 94	20	100¾	101⅛	0	−0⅛	4.90
Ireland 5⅛ 93	30	100⅛	100⅝	0	0	4.99
Norway 5⅛ 95	50	101	101⅛	0	0	4.91
Rep. of Italy 5⅜ 92	150	102⅞	103⅛	0	−0¼	4.68
Sweden 4⅝ 93	50	99	99¼	0	−0¼	4.85
World Bank 5½ 92	50	102⅛	102⅝	0	−0⅛	4.70

Average price change... On day +0 on week −0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat.BS. 10⅛ 93 £	50	†98⅛	98⅝	+0⅛	+0¼	10.75
Alg. Bk. Ned. 5½ 92 FL	150	98⅞	99⅜	0	0	5.81
Alg. Bk. Ned. 5⅞ 93 FL	200	98¼	98¾	0	0	6.16
Amro Bank 6¼ 92 FL	150	100¾	101¼	0	−0½	5.92
Aust.Ind.Dev. 12⅞ 93A$	100	94½	95	−0¼	−0¼	14.48
Austria 7½ 94 ECU	100	†97¼	97¾	+0⅛	+0¼	8.10
Barc. Bk. 10¼ 97 £	250	95⅜	95⅞	0	+0⅜	11.04
Barclays Aus. 13½ 91 A$	100	98⅞	99⅜	−0⅞	−0⅛	13.94
BP Capital 9¾ 93 £	100	95⅛	95⅝	+0⅛	+0½	11.06
British Airways 10 98 £	100	92⅛	92⅝	+0⅛	+0⅛	11.37
Bubrmann-Tet. 6⅜ 93 FL	100	100⅜	100⅞	0	−0⅛	6.26
Comm.Bk.Aust. 12⅜ 93A$	100	96⅛	96½	−0⅛	−0¼	13.54
Coop.Ctr.Rabo. 6⅛ 93 FL	100	99⅞	100⅜	0	−0⅛	6.25
Coop.Ctr.Rabo. 6 92 FL	200	100⅛	100⅝	0	−0⅛	5.86
Denmark 7½ 92 ECU	100	†99⅛	99⅝	−0¼	−0⅛	7.75
Dixons 11 95 £	90	†96⅛	96⅝	+0⅛	+0⅜	11.74
Deut. Bk.Aust. 12¼ 95 A$	70	98⅛	98½	−0¼	−1⅛	13.15
Eastman Kodak 13 90 A$	100	96⅛	96⅝	+0⅛	−0⅝	15.54
E.I.B. 7 96 LFr	100	†98½	98⅞	0	0	7.28
Elec. France 10¼ 95 C$	125	†98⅝	99⅛	0	−0⅛	10.47
Euratom 7⅞ 97 ECU	145	†93⅛	94⅛	−0⅛	−1⅛	8.40
Fed.Bus.Dev.Bk. 9⅞ 92 C$	75	†96⅞	97⅜	0	−0⅜	10.76
Ford Cr.Can. 10⅛ 93 C$	100	†99⅛	99⅝	0	−0⅝	10.85
Ford Mtr.Cred. 7½ 91ECU	100	†98⅞	99⅜	−0⅛	0	7.94
Gillette Can. 9⅞ 93 £	70	92⅞	93⅜	+0⅛	+0⅜	11.71
G.M.A.C. 9⅞ 93 C$	150	†95⅝	96⅛	0	−0⅛	10.97
G.M.A.C Aus. Fin. 14 90 A$	50	100	100½	−0⅛	−0⅛	13.63
Halifax BS 10⅝ 97 £	100	95½	96	0	+0½	11.21
Imp Chem Inds 10 03 £	100	93	93½	+0⅛	+0⅜	10.94
Inv. Industry Int. 10 93 £	60	†95⅛	95⅝	0	0	11.36
Lloyds Bank 10⅛ 98 £	150	93¾	93⅞	+0⅛	+0⅜	11.39
Lloyds Bank 11⅜ 98 £	100	98⅞	99⅜	+0⅛	+0⅜	11.56
Montreal Tst. 10⅜ 93 C$	100	†98⅛	99	0	−0⅞	11.08
Nat. West. Bk. 13⅛ 92 A$	50	†98½	99	0	−0⅞	13.53
Nationwide BS 10⅛ 93 £	75	95⅛	95⅝	0	−0⅛	11.54
Ned. Midd.Bank 6 92 FL	150	99⅞	100⅛	0	−0⅜	5.99
New Zealand 9½ 93 £	100	94⅞	94⅜	−0⅛	+0⅛	11.19
New Zealand 7⅞ 93 ECU	200	†99⅛	99⅝	−0⅛	−0⅞	7.88
Oesters. Ktbk. 13⅜ 94 A$	75	†101⅛	101⅝	0	−0⅛	13.18
Philips Gleoil. 6 93 FL	300	98⅜	99⅛	0	−0½	6.28
Prudential Fin. 9⅞ 07 £	150	88⅛	88½	0	+0⅜	10.86
Royal Bk.Scot. 10⅝ 98 £	125	95	95½	+0⅛	+0⅜	11.54
Saskatchewan 9⅞ 91 C$	150	†97⅝	98	0	−0⅛	10.88
Saskatchewan 10¼ 93	200	97¼	97⅞	0	−0½	10.89
S.D.R. 7⅜ 95 ECU	90	†97⅞	98⅜	0	−0⅛	8.14
Union Bk. Switz. 7½ 93	150	†99½	100	0	−1⅛	7.56
World Bank 5⅛ 92 FL	100	98⅞	99⅛	0	−0¼	6.09
World Bank 13⅝ 92 A$	100	†99½	100	0	−0¼	13.39
Zentrspk. 13¼ 93 A$	75	98⅞	98¼	−0⅛	−0⅜	13.65

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.86	99.91	21/01	10.99
Belgium 91 US	0	100.20	100.30	21/02	9
Britannia 5 93 £	0⅛	100.00	100.05	10/01	12.12
Chase Manhattan Crp. 91 US	0⅛	99.53	99.70	22/02	8.94
Citicorp 98 US	10⅛	98.05	98.30	28/02	9.62
Credit Foncier 98 US	.063	99.68	99.78	20/04	8.44
EEC 3 92 DM	10	100.85	100.95	22/02	5.63
Halifax BS 94 £	.1	100.03	100.09	8/02	12.29
Invt. in Industry 94 £	0	99.56	99.66	24/02	11.87
Leeds Perm. B/S. 94 £	0⅛	100.10	100.17	13/01	10.44
Midland Bank 01 £	.1	96.75	97.50	11/02	11.41
Milk Mkt.Brd. 5 93 £	0⅛	100.06	100.11	30/12	12.06
New Zealand 5 97 £	.07	100.20	100.30	20/02	12.16
State Bk. Nsw. 98 US	.188	100.40	100.50	13/02	8.87
Woolwich Equit.BS. 93 £	0⅛	100.01	100.06	13/01	12.12
Woolwich 5 95 £	0⅛	99.93	99.98	21/02	12.37

Average price change... On day 0.00 on week +0.07

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	108⅛	109⅛	+0⅛	15.40
Amer. Brands 7⅛ 02 US	9/87	56.7	117	118	+1⅛	1.51
Ashikaga Bank 2⅛ 02 US	4/87	967.	155⅛	156⅜	−0⅛	7.28
Asics 5 92 DM	12/83	472.7	221⅝	223	+4⅛	5.87
CBS. Inc. 5 02 US	4/87	200.	93⅞	94⅞	−0⅛	9.00
Comm. Credit 5½ 02 US	4/87	66.75	64⅝	65⅜	−0⅛	54.06
Eng.China Clay 6½ 03 £	9/88	4.8	99⅝	100⅝	−0⅛	3.58
Fujitsu 3 99 US	5/84	1106.	251⅛	252⅛	−4⅛	−1.93
Land Secs. 6¼ 02 £	6/87	6.72	92⅛	93⅛	−0⅛	12.00
MCA INC 5½ 02 US	9/87	69.62	84⅛	85⅛	−0⅛	22.93
Minolta Camera 2⅛ 94 DM	2/86	1004.	101⅞	103⅛	+2⅛	18.51
Mitsubishi Bk. 1⅛ 02 US	9/87	3157.	140	141⅛	+0⅛	5.36
Mitsui Trust 2⅛ 01 US	10/86	1903.	153⅞	154⅞	−0⅛	5.47
Next Plc 5⅛ 03 £	11/87	4.3	98⅛	99⅛	+0⅛	214.14
Nissi Nipp.Bk 2⅛ 03 US	4/88	804.	130⅛	131⅛	−0⅛	13.04
Omron Tateisi 2⅛ 02 US	4/87	1310.	219⅛	220⅛	0	0.86
Ranks Hovis 4⅛ 03 £	1/88	3.5	118⅛	111⅛	−0⅛	8.10
Redland 7⅛ 02 £	1/87	5.4	89⅛	90⅛	−8⅛	13.29
Saatchi&Saatchi 6⅛ 03 £	10/89	4.41	95⅛	96⅛	+0⅛	23.03
Texas Inst. 2⅛ 02 US	9/87	82.87	74⅛	75⅛	−0⅛	49.62
W.R. Grace 6⅛ 02 US	9/87	42.12	83	84	+0⅛	30.28

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Dutch buy stake in Swedish exchange

By Sara Webb in Stockholm

THE EUROPEAN Options Exchange (EOE) in Amsterdam has acquired a 40 per cent stake in Sweden's Options and Futures Exchange (SOFE). The two exchanges will be linked to allow trading of each other's instruments.

SOFE hopes the move will revive interest in the Swedish options market which has flagged following the introduction of a turnover tax on options with effect from the start of 1989. The Swedish exchange said the deal would open the door to direct electronic trading with about 100 market makers in the Netherlands.

EOE acquired its 40 per cent stake from Beijer Capital, part of the Swedish Beijer group, for an undisclosed sum. Beijer Capital is retaining a 10 per cent stake in SOFE, whose other main shareholders include Swedish banks, brokerage houses, pension funds and the insurance group Skandia.

Last month, Sweden's central bank gave permission for foreign banks and security houses to trade directly through SOFE without having to use Swedish banks and brokerages and intermediaries. This means that foreign investors are exempted from paying the turnover tax and do not need to pay commissions to Swedish intermediaries, thereby reducing trading costs.

Both SOFE and OM, which is the larger of Sweden's two options markets with about 80 per cent of the market, were strongly against the new options tax which threatened to hit market makers.

Arbitech, the largest market maker in Sweden, has withdrawn from the market and Servisen, another market maker which is owned by Beijer Capital, has decreased its activities in the market. Both companies are looking at the possibility of moving offshore so that they can avoid the turnover tax.

Beijer Capital bought a stake in SOFE at the end of 1987 when the exchange faced difficulties, having started up after OM's runaway success.

SOFE said it broke even in 1988, adding that turnover in index option premiums reached SKr1bn, while turnover in index futures was SKr3.5bn. It pulled out of trading in equity options, but is considering restarting these if there is sufficient demand from overseas.

According to current foreign exchange restrictions, Swedish investors would not be allowed to buy foreign options, but SOFE said that the government's promise to dismantle controls in future would open the way for buying currency, gold and silver options on the EOE.

TDB American Express takes on extra staff

By William Dullforce in Geneva

TDB AMERICAN Express Bank, the US group's Swiss subsidiary, has been recruiting senior staff from competitors for a new asset management team which, it hopes, will introduce advanced portfolio management methods and help to expand its private banking operations worldwide.

Mr Robert Race, formerly a director of J. Rothschild Holdings, London, was recruited in December while Mr Michel Lagier, deputy head of research at Lloyds Bank International Private Banking joined this month.

The third new member of the team is Mr Jürg Sigerist, formerly chief financial editor of the Swiss monthly business magazine Bilanz.

Heading the group is Mr Gian-Paul Stoffel, the deputy general manager who was recruited a year ago from Citibank, Geneva.

Client holdings have grown from $7.2bn in 1984, the year after American Express Bank bought the Trade Development Bank from Mr Edmond Safra, to $14.2bn today.

However, the majority of these holdings are in money market accounts and the aim is to increase the money under advisory and discretionary management.

Mr Sigerist said that to achieve this, "we first had to create the product which is why we needed a new asset allocation team."

A "portfolio optimalisation method" with software has been bought from Mr Jacques Bopp, a former analyst with Swiss Bank Corporation, who has set up his own company and sold his system to the big West German banks.

TDB American Express is Switzerland's biggest foreign-owned bank with total assets of SFr8.7bn ($5.8bn) at the end of September.

INTERNATIONAL CAPITAL MARKETS

Japanese aid swap-related $ issues

By Andrew Freeman

A RASH of swap-related US dollar deals emerged yesterday to exploit improved interest rate swap opportunities and keen Japanese buying interest.

However, the shine came off the Canadian dollar sector where the demand for paper has been temporarily satisfied by heavy new issue business so far this year.

The majority of yesterday's US dollar paper was clearly tailored for Japanese investors, carrying high coupons and maturities in the three-to-five year range.

Credit Suisse First Boston came to the market with the day's first dollar deal, a $200m issue for Scandinavian Airlines System which quickly sold out.

The bonds, described by one syndicator as generously priced, were broadly distributed. They mature on February 27 1999, carry a coupon of 10 per cent and were priced at launch to yield 65 basis points over comparable US Treasuries.

By the close, the yield had narrowed to 59 basis points, reflecting good demand from Japanese and some European institutions.

The closing quotation of less 1.60 bid, less 1.50 offered was well within total fees of 2 per cent. The proceeds of the issue were said to have swapped into several other currencies.

By contrast, most of the other deals appeared to have been designed with advantageous swaps into floating rate dollars in mind. A $200m 4-year bond for Nippon Credit Bank Curacao was brought to market by Nippon Credit International.

The issue was described by the lead manager as largely sold to institutions, particularly those already holding Japanese bank paper.

There was some switching as investors seeking liquidity chased the bonds, which were launched at 101.45 per cent to yield 43 basis points over US Treasuries. They traded at less 1.45 bid, less 1.35 offered, well within total fees of 1⅝. The proceeds were swapped into floating-rate dollars.

Morgan Stanley International announced a $100m five-year issue for Banco di Roma (London) which was priced at 101.75 to yield 52 basis points over Treasuries.

Demand was said to be mainly from Europe, although late Far Eastern interest was reported. Again, floating-rate dollars were wanted by the borrower, and the swap was said to have been done by Barclays Bank.

A variation on the theme was provided by two callable deals. Bankers Trust International was the bookrunner to a 7-year $100m bond for Mitsubishi Trust Finance (Asia) which is callable at par in February 1993. The issue went well and was increased to $120m late in the day.

The generous coupon of 10.125 per cent reflected the call option and attracted good demand in the Far East. At the close, the bonds were quoted at less 1¾ bid, less 1⅝ offered, well within total fees of 1⅞ per cent.

The opening spread over 7-year Treasury bills of 58 basis points had narrowed to around 53 basis points.

Salomon Brothers launched a $100m issue for PK Banken of 5-year 10 per cent bonds callable at par on February 10 1992. The syndicate for the deal was small, reflecting the fact that the issue was aimed specifically at buyers in Tokyo.

The bonds were launched to yield 53 basis points over 5-year Treasuries and traded at less 1⅞ bid, less 1⅝ offered, just on fees of 1⅞. The issue was immediately swapped into floating-rate dollars.

Among a sea of straight issues, Daiwa Europe's $150m deal for the Sumitomo Forestry Company came with equity warrants exercisable from February 22 this year until February 2 1993.

The bonds, which carry an indicated coupon of 4⅝ per cent, mature on February 9 1993.

The lead manager reported good interest from institutions and the closing price of 103½ was well above the par opening. Terms will be set on January 18. The proceeds were said to have been swapped into yen by Japanese banks.

The day's largest Canadian dollar issue was C$100m 5-year bond for the Caisse Centrale Desjardins du Quebec. The lead manager, Credit Suisse First Boston, reported good demand in Belgium and France, attracted by the generous 11.125 per cent coupon.

This was not enough, however, to overcome the sudden shifting of the market's focus away from the sector, and at the close the issue was trading at less 2 bid, outside fees of 1⅞ per cent.

The Britannia Building Society came to the market with a £125m floating rate note. The bonds, lead managed by Hambros Bank, mature in February 1995 and will yield 10 basis points over 3-month Libor. London institutions were steady buyers and the closing price of 99.86 bid was well within total fees.

In Switzerland yesterday, the major domestic banks raised their rate on three to 12-month customer time deposits by ¼ per cent to 4¾.

There was speculation that official interest rates might also be about to rise. Recent new issues in the grey market for foreign bonds traded quietly, easing around ⅛ in thin volumes.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Nippon Credit(Curacao)◆	200	9⅞	101.45	1993	1⅝/1⅛	Nippon Credit Int.
SAS◆	200	10	101¼	1999	2/1¼	CSFB
Mitsubishi Tst Fin(Asia)◆	120	10⅛	101⅞	1996	1⅞/1¼	Bankers Trust Int.
Banco di Roma (London)◆	100	10	101¾	1994	1⅞/1¼	Morgan Stanley
PKbanken◆	100	10	101¾	1994	1⅞/1¼	Salomon Brothers
Sumitomo Forestry Co.Φ	150	(4⅝)	100	1993	2¼/1½	Daiwa Europe
Final terms fixed on:						
Sumitomo Bank(d)§◆	300	3⅛	100	2004	2½/1½	Sumitomo Finance Int.
CANADIAN DOLLARS						
Desjardins du Quebec◆	100	11⅛	101¾	1994	1⅞/1¼	CSFB
Export Development Corp.◆	100	Zero	50.52	1996	1¼/¾	Wood Gundy
Bk fuer Handel und Ind.◆	40	10½	101¾	1994	1⅞/1¼	Dresdner Bank Int.
AUSTRALIAN DOLLARS						
Exxon Capital Corp.◆	115	15¼	101.15	1990	1/⅝	Salomon Brothers
Soc.Generale Australia◆	75	15¼	101¾	1991	1¼/¾	Societe Generale
ABN Australia◆	50	14½	101⅞	1994	2/1¼	ABN
NEW ZEALAND DOLLARS						
BP America Inc.◆	60	14	101⅞	1994	2/1¼	Hambros Bank
STERLING						
Britannia B.Soc.(e)‡◆	125	10bp	100	1995	18/8bp	Hambros Bank
D-MARKS						
IKB Int. (Luxembourg)◆	75	5¾	100	1994	n/a	Industriekreditbank
Final terms fixed on:						
Sumitomo Bank(a)§◆	300	2⅝	100	1994	2¼/1⅜	Dresdner Bank
SWISS FRANCS						
Final terms fixed on:						
Sumitomo Bank(b)§◆	350	½	100	1994	n/a	UBS
Sumitomo Bank(b)★★§◆	350	½	100	1994	n/a	Banca del Gottardo
Hiroshima Bank(c)★★§◆	100	½	100	1993	n/a	UBS
PESETAS						
Council of Europe◆	12½bn	11⅜	101½	1994	1⅞/1¼	Bankers Trust S'los Fin.

ΦWith equity warrants. §Convertible. ‡Floating rate notes. ◆Final terms. a) Coupon indicated at 2¾%. b) Put option fixed 30/9/91 at 107 to yield 3.04%. c) Put option fixed 31/3/91 at 105.675 to yield 3.05%. d) Coupon indicated at 3¼%. e) 10bp over 3-month Libor.

Debt reduction: the coming game

Stephen Fidler on the latest fashionable cure for the LDC crisis

Conciliatory debt reduction: Partial default, but offered with an apologetic smile. Very much the coming game

This tongue-in-cheek definition – contained in a pamphlet* written by Mr Mike Faber, professorial fellow of the Institute of Development Studies at the University of Sussex – of a fashionable phrase among those involved in the Third World debt debate underlines the suspicion with which voluntary debt reduction is viewed.

Nevertheless, debt reduction, implying the voluntary participation of banks in easing the burden of debtors, is undoubtedly being taken very seriously. The World Bank last month declared that debt reduction techniques "offer the potential of significant progress in dealing with the debt overhang in highly-indebted countries."

Mr William Rhodes, the *chairman of Citicorp's* restructuring committee and probably the most prominent commercial banker in debt negotiations, says that voluntary debt reduction by banks – which he believes can run hand in hand with new loans – is the central pillar of a new phase of the debt crisis.

In a statement last week to a congressional committee in Washington, he cited several countries that had benefitted from significant debt reductions:

- Chile has cut external debt by 28 per cent through conversions and a debt buy-back.
- Brazil reduced its debt by $6bn in 1988, according to official announcements, and drew down a further $4bn in new loans from banks. (Unofficial estimates suggest $8bn in debt was retired in 1988 through debt reduction.)
- Mexico has retired more than $5bn of public sector debt, and an estimated $10bn to $15bn of private sector debt. (Much of Citibank's significant reduction in developing country exposure over the past 18 months is said to be due to its reducing its outstanding loans to Mexican private sector borrowers.)

The benefits have, however, been localised. Economists at Morgan Guaranty estimate that cumulative debt reduction since 1982 amounts to about $27bn, 11 per cent of the long-term bank debt of the 15 main problem debtors and a small fraction of their overall debt, although the pace has increased in the last three years.

If debt reduction is to play a more important role in resolving the debt crisis, it is widely assumed that there will have to be support from creditor countries – clearing up accounting, taxation and regulatory obstacles to debt reduction *by banks for example* – as well as from debtors. Furthermore, multilateral lenders such as the World Bank and official bilateral lenders may also have to countenance debt reduction, it is suggested.

Debt reduction encompasses a *variety of techniques*: corporate restructurings, buy-backs in the market of debt, debt-for equity swaps and debt-for-debt swaps, in which loans are swapped by banks for bonds or other higher quality obligations.

Certain types of debt conversion are more controversial than others. Debt-to-equity swaps, for example, meet opposition not only from nationalists in Latin America but also from some academics. Academic arguments centre on what is called additionality – the extent to which the conversions provide investment that would not otherwise take place.

A recent report by the International Finance Corporation – the World Bank's affiliate to channel funds to the private sector – concluded that nearly every investment made by banks in four Latin American countries would not have taken place in the absence of debt-equity swaps. In the case of non-financial institutions, this proportion fell to about a half.

However, even if additionality is established, such programmes can have significant costs. They are often, though not invariably, inflationary and introduce distortions into pricing and exchange rate mechanisms. Such programmes, for example, introduce a two-tier exchange rate, which the International Monetary Fund, for example, has in the past strongly opposed.

In Brazil, informal debt conversions last year encouraged "round tripping" in which debt converters gain the benefit of a special rate to convert the debt into cruzados, which are then reconverted into dollars through the parallel market. This widened the gap between official and unofficial exchange rates, increasing inflationary expectations.

Many debt swaps involve monetary creation. The extent to which debt conversions of a few hundred million dollars a month are material in an economy such as Brazil's, where inflation is running at 800 per cent or more is debatable. But there is an argument suggesting that, because the monetary base in such economies is small, the inflationary impact of debt conversions is unusually high.

Nevertheless, the country with the most active *debt-equity programme* is also enjoying the lowest rate of inflation on the continent. In Chile, conversions equivalent to a quarter both of annual GDP and of its external debt now at $20bn, have taken place without apparently encouraging inflation.

However, Chile, more than other countries, has used debt-equity swaps to privatise state-owned enterprises, the public ownership of many of which was ironically forced on the Government by the banks earlier in the debt crisis. Here, monetary creation is matched by a transfer of assets from the public to the private sector and is thus not inflationary.

Chile has led the way in another sense: its auction system is also seen as likely to be copied because it achieves two objectives – it allows for the easy rationing of debt-equity swaps and solves the problem of where to set the discounts by providing a market-set price which yields the greatest benefit to the debtor.

This suggests that where there is scope for privatisation – and there is obviously room for more of that in countries such as Mexico – there is most scope for non-inflationary debt-equity swaps.

Mr John Williamson of the Institute for International Economics told a conference in London last month that because of inflation worries that "in the future I would expect debtors, supported by the International Monetary Fund, to be more cautious and seek to limit the volume of debt-equity swaps to a level that the economy can afford."

His prediction is that debt-equity will be replaced in importance partly by debt buybacks – the direct purchases of loans in the secondary market. In March, Bolivia bought back almost half of its bank debt at about 11 cents on the dollar. Buybacks allow the debtor to capture 100 per cent of the discount on the debt and to make a continuing choice as to whether to amortise debt or increase imports or reserves.

Chile has also bought back some of its own debt, but bankers say that exercise may not be repeated because it was controversial domestically. However, when looked at from the point of view of rates of return on a country's reserves, debt buybacks can be most attractive.

Such buybacks require, however, a healthy level of foreign reserves, something which many heavily-indebted countries cannot boast. Because of this, Mr Williamson and others reckon that debt-for-debt swaps are likely to be the only way of accelerating debt reduction techniques into the future. However, the three main precedents have not been outstanding – neither the Mexican "Aztec" bonds nor "exit" bonds for Argentina or Brazil have been runaway successes.

The problem has been essentially that bankers expect to get something more – either greater security, a speedier repayment or a more attractive investment – from their liquidation of loans at a discount merely than more sovereign risk.

That can be done by collateralisation, subordination or by guarantees. Since collateralisation eats up reserves, subordination of existing debt usually requires unanimous agreement from bank creditors, the best bet seem to be guarantees, which so far have not been forthcoming.

This probably will change. It seems likely that guarantees or credit enhancements from agencies such as the World Bank or from developed countries will play an increased role in future debt-for-debt swaps.

**Beware of Debtspeak, IDS Publications, The Institute of Development Studies at the University of Sussex, Brighton BN1 9RE. Price £3, $5, DM10.*

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

	PRICE INDICES	Wed Jan 11	Day's change %	Tue Jan 10	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	118.62	+0.05	118.55	–	0.23
2	5-15 years	134.02	+0.03	133.99	–	0.08
3	Over 15 years	147.05	+0.04	146.98	–	0.00
4	Irredeemables	169.31	-0.11	169.51	–	0.00
5	All stocks	131.97	+0.04	131.93	–	0.12
	Index-Linked					
6	5 years	130.19	–	130.18	–	0.08
7	Over 5 years	127.61	-0.11	127.74	–	0.19
8	All stocks	127.61	-0.10	127.73	–	0.17
9	Debentures & Loans	116.18	+0.02	116.16	–	0.24
10	Preference	87.08	+0.29	86.83	–	0.00

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	28	32	51
Corporations, Dominion and Foreign Bonds	4	4	43
Industrials	375	368	838
Financial and Properties	128	124	419
Oils	22	24	58
Plantations	4	0	9
Mines	33	53	102
Others	69	85	99
Totals	663	690	1,619

LONDON RECENT ISSUES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

- First Dealings: Jan 9
- Last Dealings: Jan 20
- Last Declarations: Apr 13
- For settlement: Apr 24

For rate indications see end of London Share Service

Calls in Lonrho, Trimeco, Charter Cons., BP partly-paid, Kwik Energy, United Scientific, Bristol Channel Ship., Eurotunnel units & warrants, Jaguar and Body Shop. No puts, but doubles in Eurotunnel units, Tramwood and Next.

LONDON TRADED OPTIONS

UK COMPANY NEWS

Body Shop pleases City with 56% rise to £9.34m

By Vanessa Houlder

BODY SHOP International, natural beauty products chain, yesterday lived up to its image as one of the UK's most successful retailers when it announced a 56 per cent rise in pre-tax profits to £9.34m (£6m) for the 12-month period to September 30.

Earnings per share increased by 44 per cent to 13.42p (9.33p). As the year-end has been changed to Feburary 28, a second interim dividend of 1.35p was declared, making 2.25p (1.5p) for the 12-month period. The results were better than expected and the share price rose 11p to 580p.

Christmas trading proved very strong and, in contrast to other retailers, the company has not seen any slowdown in consumer spending, according to Mr Gordon Roddick, chairman.

Turnover increased by 62 per cent to £46.2m (£28.45m). After stripping out the effects of refits and relocations, organic growth occured at a minimum rate of 20 per cent. The most

THE BODY SHOP

successful operations were in Canada, West Germany, Sweden and Australia.

The number of UK outlets increased from 89 to 107 and overseas outlets from 186 to 232. In the current year, 80 new stores are expected to be opened overseas and a minimum of 20 stores in the UK.

In the US, the three shops opened in the past year exceeded expectations. Body Shop plans to open 10 more company-owned shops this year and expects to launch a mail-order catalogue in the summer.

Capital spending last year increased by 50 per cent to £4.6m and is expected to increase this year by a further 50 per cent. Body Shop has increased its warehousing and office space in the US. In the UK, its new warehouse in Littlehampton, Sussex, is expected to be completed in August.

The company plans to increase the proportion of products that it manufactures itself from about a quarter to about a half over the next three years. In the US, it plans to have entirely self-sufficient production within that time.

See Lex

Sock Shop up 43% to £2.62m

By Maggie Urry

SOCK SHOP International, the niche retailer whose shares have been quoted on the USM since May 1987, yesterday reported a £3 per cent gain in pre-tax profits to £2.62m in the 12-month period to the end of September. The group is changing its year-end to February 28.

Earnings per 5p share rose 36 per cent to 7.55p and a second interim dividend of 1p makes the total for the trading period so far of 2p. Last year only one dividend, of 0.8p, was paid.

Turnover was up by 84 per cent to £25.8m and operating profits by 53 per cent to £2.62m. However, the City had hoped for an even greater increase and the shares fell 8p to 160p by the close.

Sales were up by 10 per cent in volume terms in comparable stores during the 12 months with prices little changed, the group said. During the period the number of shops in the UK was expanded from 52 to 81 and another 15 have opened since.

The group also moved overseas opening 10 shops in New York in the period and seven since, and, in September, three in Paris. With one each in Brussels and Dublin there are now 118 shops in total.

sock shop

The costs of the expansion and losses in the US, amounting to £150,000, had held back group net margins, Mr Richard Ross, joint managing director, said. But gross margins were rising, particularly in the UK, largely because of the increase in own-brand products, which now account for more than 90 per cent of sales.

Since the end of September like-for-like sales growth had slowed to around 0.5 per cent, Mr Ross said, in part because the mild weather had held back sales of warm tights, gloves and scarves. He said it was difficult to quantify how much of the slowdown was due to the squeeze on consumer spending. As the most expensive item in the shops is priced at £9.99 he hoped that the group would not be severely affected.

Mr Ross said there were benefits from the current difficulties in the retail sector. It was becoming easier to get new sites for shops without having to pay "key money" which had been costing the group £2m a year.

He said the directors also felt under less pressure to "buy" profits, and had "a chance to breathe and to rein back financially". The group is looking at ways to broaden its appeal to attract older customers as the average age of the population rises.

See Lex

Elf offshoot in offer for Johnstone's Paints

By Fiona Thompson

LA SEIGNEURIE, part of Elf Aquitaine, the French government-controlled oil company, has made a £24.15m recommended offer for Johnstone's Paints, the USM-quoted decorative paints manufacturer.

The offer values each Johnstone's Paints ordinary share at 230p, a premium of 100 per cent on the 115p average market price on December 2, the last dealing day before Johnstone announced that it had received an approach that might lead to a bid. The shares closed 14p up last night at 220p.

The move is a further sign both of the severe rationalisation in the paint industry and that companies are increasingly jockeying for position prior to 1992.

There were more than 2,000 paint companies in Europe in the early 1970s, double today's total. The past five years has seen a particularly dramatic reduction, as more and more of the smaller companies have been swallowed by their big competitors. At the same time, the industry has seen the growth of the large do-it-yourself chains with their highly competitive prices.

Johnstone's, ninth in the league of UK decorative paint manufacturers, is run by four brothers, the fourth generation from the Johnstone who founded the company in 1890. Based in Manchester, the company has 20 depots throughout the UK. It joined the Unlisted Securities Market in 1981.

The group suffered a sharp downturn in profits in 1987, falling from £2.05m to £1.81m for the year to November 28 1987. However Johnstone's directors estimate that for the 53 weeks ended December 3 1988, the company achieved a pre-tax profit of not less than £2.35m.

La Seigneurie, based in Bobigny, north of Paris, was founded in the late 1880s and acquired by Elf in stages from 1971 to 1983. The company makes and distributes decorative and architectural paints and waterproofing systems, and has for 30 years provided the paint for the Eiffel Tower's seven-yearly repaint. La Seigneurie employs 750 people in France and 450 overseas. It acquired a Californian company, Decratrend Paints, in 1987, and has subsidiaries in Senegal, the Ivory Coast, Gabon, Cameroon and French overseas territories.

La Seigneurie said it planned to expand the Johnstone's business. Mr James Johnstone will remain as managing director. Mr Michel Bleitrach of La Seigneurie will be appointed non executive chairman.

Still room for the competition

Christopher Parkes on clearance of the Thomson/Horizon merger

OPPONENTS of Thomson Travel's acquisition of Horizon, the deal cleared by the Monopolies and Mergers Commission yesterday, appear to have a highly fanciful notion of the relationship between size and muscle-power in the package holiday business.

It was an open secret in the trade, Redwing Holidays told the commission in evidence, that Thomson had been working on a five-year plan following the collapse of the package tour market in 1985, totally to dominate the UK trade.

The plan was to create the biggest charter airline in the country, a power base in popular mass market hotels, and the largest chain of travel agents in the business.

However, these factors alone do not make a muscular giant capable of squeezing the life out of the competition. In fact, according to other evidence, it seems that the more inflated the larger groups become, the more newcomers enter to try their luck.

As the MMC report pointed out, the number of tour operators licensed by the Civil Aviation Authority increased from 473 to 703 in the past 10 years. Barriers to entry into the industry were low, it said, and hotel rooms and aircraft seats were generally readily available.

The number of travel agents on the Association of British Travel Agents register rose from 1,950 to 2,806 between 1980 and the end of 1986.

Consumer choice has proliferated. Competition has resulted in significant price reductions in real terms over the last four to five years, and the corollary has been a sharp drop in the industry's net profit margins.

AIRLINE SHARES OF CHARTER AND LEISURE TRAFFIC 1987

	charter traffic on UK airlines %	charter traffic to and from UK %	holiday visits abroad by UK residents %
British Airways	13	11	18
Britannia (Thomson)	28	23	17
Dan-Air	20	16	10
Monarch	11	9	7
Air Europe	7	6	4
Orion (Horizon)	7	6	4
Other	14	29	40

Source: Monopolies and Mergers Commission

From 3.9 per cent in 1983, margins of the top 30 tour operators slumped to a deficit of 0.9 per cent in 1987, representing a joint net loss of £25m.

According to Mr Roger Davies, chairman and chief executive of Thomson, Horizon lost £14m last year, more than double the £6.8m deficit in the last reported year before the takeover.

"Given Horizon's recent poor financial performance, we do not believe that the merger increases Thomson's ability or its incentive to behave in the predatory manner feared by some of its competitors," the report concluded.

Even if the company did turn on the pressure, which it could do from its pre-merger position, the authors doubted it would succeed.

The report detailed recent swings in the market which illustrate the effects of intense competition coupled with a lack of brand loyalty among consumers, who can be tempted away by price differences of as little as £10 per holiday.

In 1986, when Thomson reduced prices by 15 per cent, its market share rose from 17 to 25 per cent. But the following year, when it tried more of the same and the competition followed suit, it lost two share points. It lost a further 10 points in the pre-Christmas booking period last year when it stepped out of line and increased prices by more than its rivals.

By helping to bring foreign holidays within the budgets of more people, price competition has significantly expanded the package tour market. From 8.6m in 1985, the number of charter air holidays licensed by the CAA increased to 14.6m last year. This has attracted new entrants to the industry. At the same time, market segmentation – increasing demand for products outside the mass market which is affecting all consumer industries – has encouraged small specialists.

Mr Davies, meanwhile, is concentrating on squeezing what economies he can out of his expanded business. On the plus side he now has a full brand range covering the entire mass market. Horizon and its Wings and OSL subsidiaries cover the top end. Thomson fills the middle portion and Sky Tours the bottom slot.

While there are economies to be made by merging Horizon's Orion fleet of 10 aircraft with the 33 in Thomson's Britannia line, linking retail and head office booking systems for packages, beds and aircraft seats, real inroads into the mounting losses at Horizon are likely to come only from improved marketing and margins.

Part of Horizon's failure, Mr Davies said, was due to its attempts to move down-market where the competition was hottest. His first job was to reposition it at the premium end of the trade, reduce overheads and return it to profit by 1990.

At the same time, in common with the rest of the industry, he has to confront this year's task of persuading cautious consumers that a package holiday in the sun is the perfect antidote to mortgage rate blues. If, as some industry observers suggest, package price-cutting blights this year's trade, Mr Davies may have to wait a little longer for Horizon to return to health.

On the bright side, his fearful competitors can also look forward to an extended period of grace before the market leader puts Operation Market Dominance into practice.

Tour operators' shares of holiday market 1987*

	%
Thomson Group	30
ILG	14
Horizon	8
Redwing	5
Airtours	3
Grecian	3
Cosmos	2
Thomas Cook	2
Yugotours	2
Tjaereborg	2
Others	29

* Air inclusive tour of one or more nights. Source: MMC

Assoc Newspapers meets forecast

ASSOCIATED Newspapers, publisher of the Daily Mail, the Mail on Sunday, and London's Evening Standard, announced pre-tax profits, after exceptional costs, of £36.8m for the year to end-September, writes Nikki Tait. This compares with £56.9m in the previous year and is in line with the forecast made in the formal offer documents from Daily Mail and General Trust last October.

Profit before exceptional costs rose to £71m (£59m). However, these rose from £2.1m to £34.2m. Associated said redundancy and development costs amounted to £42.1m, offset by £7.9m of profits from the sale of investments, redemption of Eurobonds and the write back of costs on the Ravenspurn North Gas Field. Earnings per share were 17.6p (29.8p).

The newspaper division saw trading profits rise from £46.5m to £61.6m. Associated was subject to an agreed £1.02bn offer from Daily Mail and General last year, therefore a final dividend is not recommended.

M&G Dual Trust

M&G Dual Trust, split level investment trust, increased the asset value of its 10p capital shares from 1,745.79p to 1,898.48p in the year to September 30 1988.

Gross revenue showed an advanced from £2.98m to £3.47m.

The final dividend is raised to 25p (20.25p) to make 45.2p (37.8p) for the year.

Shares soar as Bassett weighs full bid proposal

By Lisa Wood

THE BOARD of Bassett Foods, the Liquorice Allsorts manufacturer, was yesterday considering a full bid proposal from a shareholder which has at least a 5 per cent stake.

News of the approach and the stake – which must be notified to the Stock Exchange within five working days of it reaching 5 per cent – sent Bassett's share price soaring to 400p per share, up 101p, valuing the confectionery company at just under £63m.

Bassett, which commands about 11 per cent of the UK sugar confectionery market, would give no details as to the identity of the shareholder which recently revealed its stake at a meeting set up to discuss a joint venture between the two companies.

City analysts suggested that possible suitors for the business, which is successfully emerging from large-scale restructuring, could include Alma Caledonia, a private Scottish group, Rowntree and United Biscuits.

Yearlings

The interest rate for this week's local authority bonds is 12⅝ per cent, up ⅛ of a percentage point from December 15, and compares with 9⅝ per cent a year ago. They are issued at par and redeemable on January 17 1990. Bonds totalling £0.75m at 12⅝ per cent have been issued by Kirklees Metropolitan Borough Council.

Tootal confirms plans to reduce S African stake

By Alice Rawsthorn

TOOTAL, one of the largest UK textile groups, has confirmed that it is negotiating to sell part of its holding in Da Gama, a powerful player in the South African textile industry.

In recent weeks Tootal has become embroiled in bid speculation following the disclosure that Mr Abe Goldberg, the Australian industrialist who mounted an unsuccessful bid for the UK group three years ago, has amassed a significant shareholding.

Tootal presently holds about 25m shares in Da Gama, or 49.8 per cent of the South African company's equity. It is negotiating with a number of concerns to sell some of its shares, at about 700 cents (168p) each.

Da Gama is involved in most areas of textiles including fabrics and clothing, and is capitalised at about Rand 350m (£83m) in Johannesburg. The South African textile industry is presently involved in a period of restructuring in which some of the larger companies have absorbed smaller concerns.

Negotiations over Da Gama should be completed by the end of the month. Tootal insisted that its decision to reduce its interest in Da Gama was not based on political grounds, but formed part of an ongoing strategy of withdrawal from peripheral activities.

Once the negotiations are completed Tootal intends to retain an interest in the company. It is also committed to keeping its sewing thread business in South Africa.

Abbeycrest to pay up to £13m for jewellery group

By David Waller

ABBEYCREST, designer, manufacturer and distributor of jewellery, is buying Gallery Jewellers for a maximum of £13m. The initial £5m consideration is to be satisfied by £3m in cash and £2m by the allotment of new shares to the vendors.

Gallery, which concentrates on designing and manufacturing rings, pendants, brooches and earrings, was a partnership until January 1 1987 and has no audited accounts prior to that date.

Accordingly, the reporting accountants were unable to form any opinion on Gallery's trading record.

Nevertheless, Abbeycrest said that Gallery has achieved substantial growth in profits since 1985 when it phased out a repairs business.

It reported pre-tax profits of £1.9m on turnover of £10.93m in 1987 and in the nine months to end-September profits were £1.82m on turnover of £8.8m.

The 1.43m new shares are being issued direct to the vendors and there will be no placing. Further consideration will become payable if 6.5 times Gallery's adjusted profits for the year to the end of 1989 exceed £5m.

Hestair sells vehicle arm to management

By Clare Pearson

Hestair, the diversified group with interests ranging from children's toys to employment agencies, is narrowing the scope of its activities with the sale of the vehicle engineering division for an expected consideration of £25.75m.

The division, which makes dustbin lorries, fire engines and luxury coaches, is being sold to its management for a cash price of £18.75m, plus about £7m worth of debt.

Its trading profits are expected to rise by about £1m to £3.7m in the year to end-January on sales of £75m (£64.7m).

Mr David Hargreaves, Hestair chairman, said that the return on capital employed, expected to amount to £24.6m in the current year, was less than half that achieved in the other divisions. Proceeds from the sale are expected to be used for acquisitions.

The engineering division was restructured early in 1985 after suffering a turbulent period in the early 1980s, particularly in the UK, when its markets were affected by lower local authority spending and bus deregulation. In the year to January 31 1985, operating profits dropped from £1.62m to £276,000.

Mr Hargreaves said that acquisitions might be pursued in either of the two remaining Hestair businesses – personnel services or consumer products.

In the latter case, he saw opportunities to develop the giftware and stationery interests. Hestair added to the nurseryware business in November with the £2.3m acquisition of Cindico, maker of high chairs and baby walkers.

Irish Continental

Irish Continental Group, ferry operator, reports higher profits for the year ended October 30 1988 and is confident that progress will be maintained.

Pre-tax profit was up from from £586,000 to £823,000. The dividend is 1.6759p.

ERF plans £6.1m rights to fund assembly investment

By Kevin Done, Motor Industry Correspondent

ERF (HOLDINGS), the UK's last publicly-quoted independent truck maker, is to raise £6.1m via a one-for-four rights issue.

The group is planning to increase its investment in assembly facilities and marketing support and is investigating the possibility of adding new capacity at a third assembly site in Cheshire.

It is issuing 1.93m new ordinary shares at 330p per share. ERF said it was planning to raise its dividend for the current year to 11p against 9p in 1987-88.

The share price, which has risen rapidly in the last 12 months to a 1988-89 peak of 496p from a low of 195p, dropped 23p following the announcement to close at 393p.

ERF's fortunes have been transformed in the last two years with the introduction of a highly successful new vehicle range and rapidly climbing production and sales.

The company has outperformed the generally booming UK heavy truck market and last year increased UK vehicle sales by 49 per cent to 3,740, compared with an near-19 per cent rise in the overall heavy truck market. In mid-December, order books were a third higher than a year earlier.

ERF said that the rapid expansion had meant that it had had to make significant investments in computer systems, marketing support resources and working capital.

In the last two years it has enhanced its main assembly plant at Sandbach and this month brought a new assembly line into operation at its Middlewich site. Potential assembly capacity has been increased by nearly 70 per cent to around 28 trucks per day. ERF is currently producing some 21 vehicles per day.

Mr John Hobbs, finance director, said the company was now investigating setting up a further assembly line at Winsford, Cheshire, on the site of its former fire engine plant, closed in 1975. The site is available from the end of 1989 and could provide capacity for building up to 10 trucks per day, he said.

ERF increased pre-tax profits to £5.6m (£718,000) in the year to end-March 1988 after making losses in four of the previous six years. Pre-tax profits are expected to exceed £7m in the year to end-March 1989.

UK COMPANY NEWS – THE PROPOSED BID FOR GEC

Problems in the carving up of the rump

Terry Dodsworth on how Metsun must add sparkle to GEC's other divisions

IF THE telecommunications and defence divisions were to be stripped out of GEC in the manner being planned by the bidding consortium, it would leave behind a rump of mature and relatively unconnected activities.

The current plan seems to be to run these under a new management team led by Sir John Cuckney, the Westland chairman brought in to head Metsun, the shell company launched to organise the takeover.

Very few of these operations would bring a sparkle to investors' eyes.

They are mostly in relatively pedestrian, unexciting areas, far removed from the spotlight which plays intermittently on the esoteric business of sophisticated electronic weaponry, or the hi-tech field of modern telephony.

Here and there, electronics plays a part in these activities, but they are by no means central to their operations.

On the other hand, they are typical GEC businesses in one crucial sense.

They are all free standing, all are run by their own managements, and are capable of financing their own development. They typically throw off cash, and they could almost certainly be absorbed by a predator as they stand, with a minimum of change.

The largest division among these activities is the newly-created power systems group, which GEC has been planning to inject into a joint venture with Alsthom of France.

This embraces a wide variety of activities, from diesel engines and gas turbines, to switchgear, turbine generators, railway traffic systems and a 30 per cent stake in the National Nuclear Corporation.

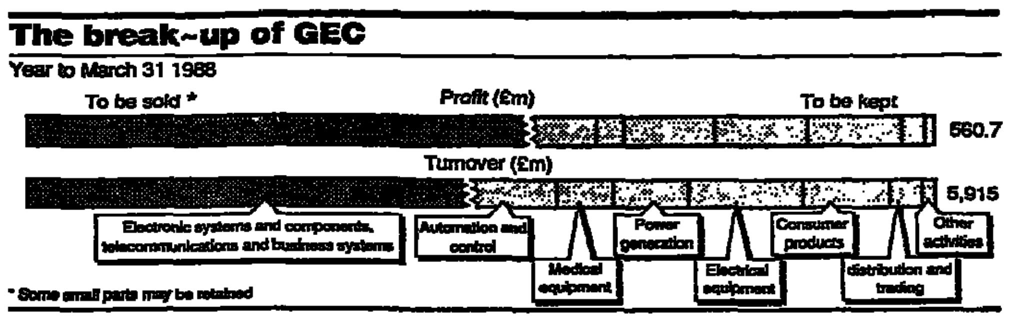
Over half its sales of £1.26bn go overseas, and it earns profits of around £115m.

The next largest operation is the consumer products division, consisting mainly of Hotpoint, Creda and the Osram lamp interests.

Hotpoint has recently been one of the successes of the UK domestic appliances industry, storming to market leadership for washing machines, tumble-dryers and dishwashers.

The company has been criticised for failing to move aggressively into foreign markets in the manner of Electrolux or the Italian producers. But it has achieved financial returns well above those of its international rivals, and has taken a cautious view about the potential gains to be made from large scale international manufacturing.

The break-up of GEC
Year to March 31 1988



* Some small parts may be retained

Last year, this division had sales of £582m – a 50 per cent increase on the previous 12-month period – and made profits of £60.2m.

The automation and control segment is roughly the same size as domestic appliances, with turnover of £551m and profits of £45.7m last year.

In this business, GEC has been tentatively pushing out into overseas markets over the last two years, with the acquisition of Gilbarco in the US and the purchase of a 30 per cent stake in Berkel of the Netherlands.

Gilbarco has strengthened GEC's position in petrol pump dispensing equipment, while Berkel has given it a foothold on the continent for the distribution of meters and measuring equipment made by its Avery division.

In these businesses it is fair to say that GEC has brought new electronic technology to bear to help transform a fairly traditional area of manufacturing with a dash of modern technology.

Medical equipment is another area where electronics is playing an increasing role.

Here, GEC is mainly active in the US, where its Picker division, acquired in the late 1970s, generates turnover of about £367m and profits last year of £20.7m – a low level from which it has bounced back strongly this year.

Finally there is the office systems division spun off last year from the telecommunications activities.

These are centered on AB Dick, the US producer on which GEC has lost money in the past, but which has recently been turned into profit. This division has been growing both organically and through acquisition, where the purchase of the Videojet industrial coding and graphics printing company has given profits a strong boost.

One of the key issues for potential investors in these operations would be the ability of any other company to run them more effectively than they are at present.

Most of them exhibit the characteristic signs of GEC's parsimony in physical investment. They are frequently based in dingy plants where spending appears to have been limited to absolute essentials. But the return on capital is generally high, and returns on sales are respectable compared to international rivals.

At the same time, GEC is a name that commands some respect in world markets, for all the criticism thrown at it in the City.

This could be important in the development of these businesses, because of the potential a name gives in forging alliances with influential overseas companies. There is little doubt that if Metsun acquired these operations, it would be faced with a similar need to find international partners.

Would it be able to do this any more easily than GEC?

Northern keeps in transatlantic hunt for possible GPT stake

By Terry Dodsworth, Industrial Editor

IF THE proposed consortium bid for GEC is kept on the rails, it is likely to involve at least one transatlantic company – Northern Telecom, the Canadian telephone exchange manufacturer.

Northern is a major shareholder in STC, the UK electronics company which would like to take over GPT, the joint venture telecommunications company owned by GEC and Plessey. The Canadian group acquired a 27.5 per cent stake in STC almost a year and a half ago as part of its long-term strategy of international expansion. An interest in GPT could be an important element in this growth.

So far, Northern has said nothing officially about its tactics in the complex bid manoeuvrings now going on in London. Its chairman, Mr Ed Fitzgerald, a bluff, tough manager who has achieved great success for Northern in the US market, attended STC's board meeting to discuss the bid proposal earlier this week. But yesterday he was back in Canada, presumably mulling over his options.

Northern's strength as a potential partner in GPT lies in its technology. Along with Alcatel, the French company, it was a pioneer in the development of digital telephone exchanges, using its expertise in this advanced area in the early 1980s to expand its position in the US. For a time, it led American Telephone and Telegraph, the world's largest telecommunications group, in the installation of digital lines, and still remains roughly on level pegging with its redoubtable rival in this field.

Northern has used its lead in digital systems to develop advanced overlay switching products for the public telephone network, with products such as the 6900 free calling system. It is this sort of equipment that could make the company particularly attractive to customers such as British Telecom in Europe, which are now anxious to follow the US' lead in installing sophisticated products of this kind, but does not have them readily available in Britain.

Like other of the world's big telecommunications manufacturers, however, Northern has found it difficult to penetrate overseas markets. It has achieved something of a breakthrough in Japan, where it supplies to NTT, the large public telephone operator, and it has been battering away in Italy, one of the few markets where there is a significant opportunity to set up as a large-scale producer of public exchanges. But its main growth has been coming through steady organic expansion.

This development has come mainly in the area of private office telephone exchanges, where it is now a leading European supplier, and packet switching – a technique for maximising the use of the telephone network by sending a number of different messages down a single line almost simultaneously. It will also shortly open its first European plant at Verdun in northern France, where it will make private exchanges.

Meanwhile, the stake in STC has led to a series of co-operative projects to develop new joint technology and transfer expertise that each company has in specific areas. This is reportedly going well, with about 40 Northern engineers stationed in the UK working on these programmes out of a total of about 260.

Financially, Northern has plenty of room for manoeuvre, despite a dip in profits in the first nine months of this year, when its net earnings dropped to $201m from $207m. The company is currently restructuring its operations in North America, and has announced a $200m charge and 2,500 redundancies. But at the end of September it had shareholders' funds of about $2.5bn supporting net debt of only about $160m.

Ed Fitzgerald – mulling over his options

STC's involvement vital to success of takeover plan

By Hugo Dixon

STC REPRESENTS the union jack in the jigsaw puzzle that Lazards, the UK merchant bank, is trying to put together to bid for GEC. Without the involvement of the UK's second largest electronics group, it is difficult to see how a deal can be put together that will overcome political objections.

The Lazard plan – as it was envisaged early this week – was for STC to take over GPT, the 50-50 telecommunications joint venture between GEC and Plessey, for about £1.8bn.

Half of this cash would have been channelled through to GEC's shareholders to entice them to accept the bid. The other half would have been paid to Plessey.

With its cash, Plessey would then have been able to afford to buy a significant slice of Marconi, GEC's defence company. It is understood to be most interested in its radar, sonar and torpedo businesses.

However, if STC is not involved, the deal seems likely to unravel.

Lazard is understood to be talking to AT&T, the giant US telecommunications company, about it taking a stake in GPT. However, its involvement would lend weight to criticism that GEC was being carved up by foreigners.

But, unless Plessey can sell its stake in GPT, it is difficult to see where it could find the cash to buy parts of Marconi. The deal already envisages selling large parts of Marconi to Thomson of France. If an even larger part had to be sold to foreigners, it is thought the political outcry would redouble.

One of STC's main doubts about joining the consortium is that it feels it could be biting off more than it could chew. Although it is considering defraying part of the costs by selling a stake of GPT to Northern Telecom, it does not want to jeopardize the real successes it has achieved in recent years.

STC had a rocky period in the early 1980s. However, since 1986, a new management team led by Mr Arthur Walsh, the managing director, has turned the company around financially. A loss in 1985 was turned into pre-tax profits of £100m in the first half of the current financial year.

The main thrust of STC's strategy was to focus on two core businesses – telecommunications and computers. As such, it has been trying to get the benefits from the convergence in computing and telecommunications technologies, which have eluded many of its international competitors.

Its computer business centres on ICL, the UK's only indigenous manufacturer of mainframes. Instead of trying to sell computers across the board, it has focused on selling into selected sectors such as the government and retailing sectors. This strategy was taken one step further last December, when it bought Datachecker, a US company which specialises in electronic point of sale systems.

STC's telecommunications business has had to recover from its removal from the British project to develop a digital telephone exchange in the early 1980s.

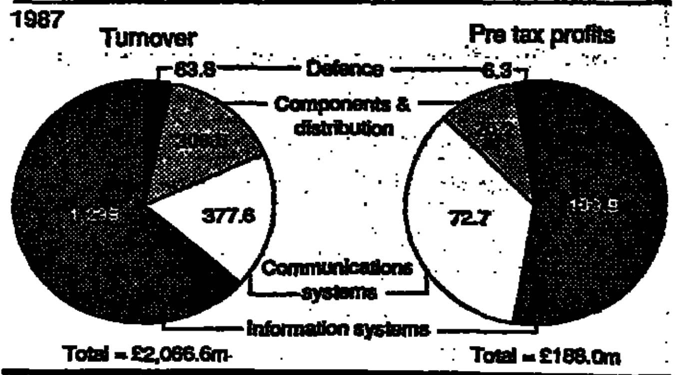
Its strategy has been to build up a telecommunications business, which does not rely on making its own switch, and has three prongs: underwater fibre-optic cables, transmission systems and a new area called "intelligent networks."

This strategy has recently started to bear fruit. In the past month, STC has won two contracts (worth $200m and $150m) to supply major sections of new telecommunications cables crossing the Pacific and Atlantic oceans. This has reinforced its position as one of the world's leading companies in this field.

Its emphasis on transmission systems started paying dividends last year, when it was chosen by British Telecom as a joint supplier with GPT for its new fibre-optic systems in business centres. Meanwhile, its strategy for intelligent networks took a step forward with the purchase of Computer Consoles, a US company specialising in this area, for $168m, which was completed earlier this week.

Buying GPT would enable STC to get back into the public switching market. However, it may not prepared to pay the price of risking its recent achievements.

STC
1987



Robert Lowe acquisition and £3.95m rights issue

ROBERT H. LOWE, supplier of children's wear, sports and leisurewear and of specialist printing and packaging, has agreed to acquire Lewing, sports and leisurewear manufacturer. The initial consideration of £3.5m is to be satisfied by £2m cash and £1.5m in new redeemable convertible preference shares.

Lowe also announced sharply higher annual pre-tax profits and a rights issue of convertible redeemable preference shares to raise £3.95m. Of this, £2m will satisfy the cash element of the acquisition. The rest will reduce Lowe's indebtedness and gearing.

Manchester-based Lewing's profits before tax and management charges in the year to March 31 1988 were £933,000. Further payment of £350,000 is to be made on April 30, satisfied by the issue of Lowe shares. A loan note of £1m redeemable is to be issued in February 1990. Additional consideration depends on annualised profits up to October 31 1990 exceeding £2.3m. However, a clawback up to £100,000 would apply if Lewing profits for the 10 months to October 31 1989 failed to exceed an annualised £1m.

Pre-tax profits at Lowe in the year to October 31 rose 76 per cent from £851,000 to £1.5m on sales more than doubled from £13.38m to £28.28m. A final dividend of 2.25p (1.8p) is proposed, raising the year's total to 3.5p (2.8p).

The terms of the rights issue are nine preference shares at 100p each for every 20 Lowe ordinary shares held.

Lowe said yesterday that loss-making Babygro, acquired in August for £4.3m, was responding well to corrective action and would return to profit in the current year.

Banner nears Avdel limit

SHARES in Avdel eased by 1½p to 93¾p yesterday after Banner Industries, the former frustrated bidder for the UK fasteners group, neared the limit of the shares it can buy.

Banner, whose offer has lapsed, said yesterday that it has about 44.3 per cent of Avdel's voting rights. It could still buy another ¼m shares, equivalent to another 0.4 per cent of the voting rights.

Banner's buying has kept Avdel's price above the 92p-a-share recommended offer from Textron, US conglomerate. Its first close is on Friday. Textron claims about 44.3 per cent of Avdel's voting rights.

COMPANY NEWS IN BRIEF

AMERICAN BUSINESS Systems' US operating company, Danka Industries, has acquired ACTA-FAX Business Machines for $3.66m (£2.06m). ACTA-FAX, based in Columbia, South Carolina, currently generates pre-tax profits of $535,000 on sales of $6m.

J BIBBY and Sons annual meeting was told that although there had recently been a gradual resumption in demand for eggs, the agricultural division had suffered some loss of feed volumes due to problems in the egg industry.

BRITISH FITTINGS has acquired John Hood (Copper Alloys), stockist and distributor of non-ferrous metal products, for £541,000 cash. Also 50 per cent of the capital of Neolith Pumps London for £175,000 in 120,869 shares; the rest of the capital is already held in the group.

CAIRD GROUP has acquired three waste disposal businesses in Aberdeen for £1.2m. Nimmo Equipment Services has been acquired for £539,000 in shares and cash, Neil Sharp Skip Hire for £535,000 in cash and the waste disposal business of Cebo UK for £145,000.

CANNING (W), chemicals and industrial distribution group, has estimated pre-tax profits of £7m for the year to December 31 1988, compared with £6.1m achieved in the previous year.

CITYVISION has received rights issue acceptances for 4.69m convertible preference shares (55.04 per cent). The balance of the rights not taken up has been placed by brokers McCaughan Dyson Capel Cure at a premium.

HARRISON MALAYSIAN Plantations has acquired the outstanding paid up capital of Tegas Setia with the purchase from Dah Lee Rubber Industries of Hong Kong of 1.2m shares (30 per cent) for a total of 3m ringgit (£620,000).

LADBROKE GROUP's acquisition of Thomson T-Line is not being referred to the Monopolies and Mergers Commission.

NORTHERN ENGINEERING Industries' offer for Victor Products' preferred shares has been extended until 3pm on January 31. By 3pm on January 10, NEI had received acceptances in respect of 553,163 preferred shares (72.3 per cent).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Abbey, Astra Holdings, Debenham Tewson Chinnocks, Dixons, Douglas (Robert M), Hawthorn Leslie, Jones Stroud, Kingsgrange, Turnbull Scott.

Finals- Daily Mail & General Trust, Gardiner, Neotronics.

FUTURE DATES

Interims-	
British Bloodstock Agency	Jan. 31
Clogau Gold Mines	Jan. 18
Exmoor Dual Inv Trust	Jan. 16
Highgate & Job	Jan. 18
Jarvis (J)	Jan. 19
Rossminster	Jan. 17
Textured Jersey	Jan. 30
Unitech	Feb. 7
Finals-	
Burndene Invs	Jan. 17
Eurotherm Int	Jan. 16

PUBLIC WORKS LOAN BOARD RATES

Effective January 11

Years	Quota loans repaid: by EPI†	At††	at maturity§	Non-quota loans A* repaid: by EPI†	At††	at maturity§
1			11¾			12½
Over 1 up to 2	11⅝	11⅝	11⅜	12⅝	12⅝	12⅛
Over 2 up to 3	11⅝	11½	11	12⅜	12½	11¾
Over 3 up to 4	11¼	11⅛	10⅞	12¼	12⅛	11⅝
Over 4 up to 5	11⅛	11	10¾	12⅛	12	11½
Over 5 up to 6	11	11	10¾	11½	11½	11¼
Over 6 up to 7	10⅞	10⅞	10¾	11⅜	11⅜	11¼
Over 7 up to 8	10⅞	10⅞	10⅝	11⅜	11⅜	11⅛
Over 8 up to 9	10⅞	10¾	10½	11⅜	11¼	11
Over 9 up to 10	10¾	10¾	10⅜	11¼	11¼	10⅞
Over 10 up to 15	10¾	10⅜	9⅞	11¼	10⅞	10⅜
Over 15 up to 25	10	9¾	9½	10½	10¼	10
Over 25	9⅝	9⅜	9⅜	10⅛	9⅞	9⅞

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Banks (Sidney C) ....int	2.125	18	2.125	-	7
Barbour Index ....int	2.5	Apr 6	2	-	5.5
Bespak ....int	2.25	Feb 23	2	-	5
Body Shop Int'l ....int	1.35‡‡†	Feb 28	-	-	1.5*
Carron Phoenix § ....fin	2.67	-	-	4	-
Econ Forestry § ....fin	2	Feb 23	1.75	3.25	3
Fleming Overseas ....int	1.5	-	1	-	2.7
Investment Co ....int	0.25	Mar 31	0.225*	-	0.65*
Irish Conti ....fin	1.6759φ	-	-	1.6759	-
Lowe (Robert H) ....fin	2.25†	Apr 7	1.8	3.5	2.8
M&G Dual Trust ....fin	25	-	20.25	45.2	37.8
Markheath Secs ....int	1.5	Mar 31	1	-	3.5
Sock Shop Int'l§ ....int	‡	Feb 23	-	-	0.8
Sthn Business § ....fin	3.8†	Feb 27	2.9	6.01	4.8
Zetters ....int	1.5	Feb 28	1.5	-	5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. φThird market. ‡Makes 2p for first 12 months of 17-month period. ‡‡Makes 2.25p for first 12 months of 17-month period. φIrish currency.

UK COMPANY NEWS

Warnings of a downturn in the paper industry come to nothing

Robert Horne turns in 17% rise to £15.4m

By Maggie Urry

ROBERT HORNE, paper merchant, reported "yet another very good year" in the words of Sir Kenneth Berrill, the group's chairman. Pre-tax profits rose by 16.9 per cent to £15.4m in the year ended September 30, on sales up 20.1 per cent to £187.5m.

Sir Kenneth said there was no sign of the widely-forecast downturn in the paper industry and that the current year had started well. The A non-voting shares rose 22p to 258p yesterday.

The paper merchanting side contributed nearly 90 per cent of profits. After some pressure on margins in the first half the group said the position had stabilised. The Scottish subsidiary had a good first year of operation.

Sales in the division rose by 17.4 per cent, a combination of a volume gain of 12 per cent, compared to 11 per cent for the market, and price increases worth about 5 per cent. Operating profits were up 11.1 per cent to £13.7m.

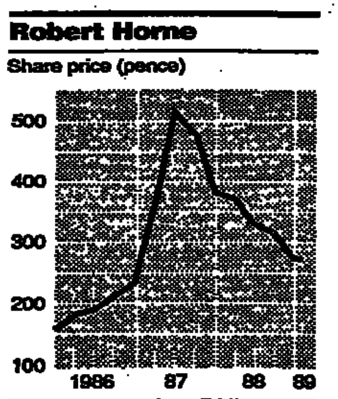
Horne is extending its warehouse at Northampton, and installing a new computerised system. Both would be operational at the end of the current financial year.

The expenditure will incur interest charges though the company expects that these would be covered by cost savings and expansion when the new facilities opened. The group ended the last financial year with gearing of 8.6 per cent.

Horne has been seeking to build up activities outside paper merchanting and has recently purchased three office supply businesses with a combined turnover of £18m, at a total cost of £8m. By putting the three, all based in the South East, together there should be margin gains to be made, the group said.

Three other divisions showed strong profits growth. Truttite, a fasteners business, increased profits by nearly 40 per cent to £617,000. Atkins & Cripps, an importer and distributor of hardwoods, acquired in 1987, contributed £553,000 to profits in its first full year. Spectrum Adhesive Coaters, which makes self-adhesive labels, showed an almost four-fold profit rise to £363,000.

Earnings per share rose 14 per cent to 30.1p and the annual dividend is up by 17.9 per cent to 8.25p, net by virtue of a 5.75p (5.0p) proposed final payment.



● COMMENT

There is still strong growth in demand for paper, particularly the coated grades used for advertising and magazines. Horne seems to be having no difficulty in passing on price increases from the paper mills to customers. A 5 per cent price rise in October is being followed up by further increases in the next couple of months. If there were to be a slump in demand and prices Horne's profits would inevitably fall, but there seem to be no clouds on the horizon yet. Meanwhile, Horne is rapidly building up other activities which could provide a some cushion if the worst happened. With profits this year expected to reach around £17.5m, the prospective p/e on the A shares is 7.5. That still looks on the low side in spite of the near 10 per cent rise in the share price yesterday.

Cakebread shares rise on news of 29.8% option buy

By Nikki Tait

SHARES IN Cakebread Robey, Enfield-based builders' merchant, yesterday rose sharply on news that Firoka, a private company with property and hotel interests, had acquired an option over 29.8 per cent of Cakebread voting shares, plus some of the non-voting class.

Cakebread A shares rose 12p to 162p. The company is currently capitalised at just under £10m.

Firoka has already made informal approaches to certain Cakebread board members to see whether they would be interested in disposing of their holdings.

However, after a boardmeeting yesterday, Cakebread said that directors representing 57.79 per cent of the voting rights had confirmed that they had no present intention of selling.

The shares involved in the option agreement are currently owned by Mr Frank Cakebread, who was at one stage deputy chairman of the group, but is now no longer on the board.

Firoka, run by Mr Firoz Kassam, has bought an option over 223,859 ordinary shares – which carry the votes – and 1.15m A shares.

The option period started on Tuesday and expires on February 21. If the option is exercised, the cost to Firoka will be £2.53m.

Yesterday, NatWest Stockbrokers, who are acting for Firoka, said that they did not know what consideration, if any, might have been paid for the option itself. They added that they understood Mr Kassam believed he could bring some property expertise to the group.

Cakebread Robey has been subject to bid approaches in the past, but the two major sets of shareholders – the Robey family, which is represented on the board through Mr Ian Robey, the chairman, and the well-established holding belonging to Smith & Sons – have rebuffed such advances. These stakes account for the voting share majority mentioned in yesterday's board statement.

Southern Business pleases City with 66% expansion to £6.8m

By David Waller

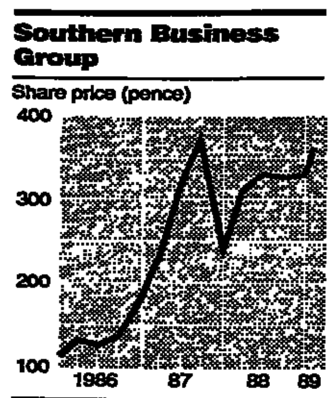
SOUTHERN BUSINESS Group, photocopier and vending machine contractor, reported pre-tax profits up 66 per cent to £6.81m in the year to September 30. The outcome included property profits of £300,000.

Mr David McErlain, managing director, reported that current year trading continued at record levels. His bullishness, combined with the fact that the results were significantly ahead of expectations, yesterday helped the shares gain 20p to close at 357p.

Turnover climbed 49 per cent to £19.31m and earnings per share advanced by 42 per cent to 30.4p.

Group forward contracted income – the minimum level of turnover to be generated from existing contracts – stood at £150.6m, 77 per cent up on the previous year's £85m. The proposed final dividend is 3.8p, making a total of 6.01p (4.6p) for the year.

Mr McErlain said that all parts of the company had done well during the year. Recent acquisitions – in the form of Benworth, Electronic Business Machines and Pioneer – were now reaching planned levels of profitability, whilst Tabard House had continued to make significant progress in increasing market share.



● COMMENT

Southern Business operates an ingenious management system which has the dual effect of keeping down costs and motivating its employees with bonuses that do not eat into profits. At the same time, it concentrates its marketing energies on supplying photocopying machines on the principle of securing contracts on a cost per copy basis rather than a straight sale or service agreement. The result of these two unique features is that profits vault ahead in every six month period. The impressive hike in gross margin in yesterday's figures (from 29.7 to 31 per cent) show that the formula can be applied to recently acquired companies with great effect. Combine that with the growth to come from building on a low market share, and earnings should continue to grow at the rate of (at least) 25 per cent a year. Assuming £8.7m-£9m pre-tax profits in the current year, and an actual tax charge of 10 per cent, the shares seem grossly undervalued on a prospective multiple of under 10.

Cluff Rscs takes further steps into gold mining

By Kenneth Gooding, Mining Correspondent

CLUFF RESOURCES, the USM-quoted group, has taken further steps in its strategic move away from being a loss-making minor oil company to a profitable medium-sized gold mining concern.

It has acquired a 42 per cent interest in Minera Horus, a Chilean company which operates La Pepa gold mining project in that country where reserves totalling 168,000 troy ounces have been recently established.

Cluff's interest will be increased to 50 per cent on completion of a feasibility study and the arranging of development funds. Cluff said yesterday its objective was to start production in the middle of this year at an annual rate of at least 20,000 ounces.

It said the cost of bringing the mine into production would be less than $4m (£2.26m).

Cluff has also acquired the remaining 50 per cent of its Ghana exploration venture – which has two exploration licences in the Ashanti region – and the Cluff Taywood Mining company from Taylor Woodrow Construction.

Production at the Rebecca mine in Zimbabwe started on October 28, slightly behind schedule but within budget. Output has been a profitable 2.7 kg of gold a day.

BP offshoot to take 40% stake in diamond project

By Kenneth Gooding, Mining Correspondent

BP MINERALS, the British Petroleum subsidiary about to be sold for £2.4bn to RTZ, has agreed to spend up to $6m (£3.38m) for a 40 per cent interest in Indonesia's first diamond mining project in south east Kalimantan.

Acorn Securities, an Australian mining company which currently has a 60 per cent interest in the venture, said BP Minerals would attempt to increase the proven diamond bearing gravel reserves to a volume and grade sufficient to give the mine a minimum life of ten years and to attract non-recourse finance.

The Perth-based company said that those objectives should be achieved over the next 15 months with expenditure of $3.5m – $1.5m to be spent in the first six months at which stage BP Minerals has the option to withdraw with no retained interest.

If BP Minerals retains its interest in the project, Acorn's shareholding will drop to 32.5 per cent. Other partners in the venture include Aneka Tambang, the Indonesian state-owned mining company, with 20 per cent.

Postal strike hits Zetters

By Ray Bashford

THE SEPTEMBER postal strike ground the football pools operations of Zetters Group to a virtual standstill for three weeks and slashed pre-tax profits from £282,894 to £118,514 during the six months to September 30.

The strike hit the company's direct mail business and a big mid-September promotion in a national Sunday newspaper, which had been paid for in advance and could not be cancelled. Zetters has only 3 per cent of the football pools business but is more dependent upon the post for business than its two competitors.

Mr Terry Yardley, financial director, said that in the wake of the strike the company was examining ways of reducing dependence on the post.

Littlewoods, which dominates the market with a 75 per cent share, and Vernons, the other company in the business, were relatively sheltered from the impact of the strike because they trade more through agents and collectors.

The second half is traditionally the stronger contributor to profits as it includes the height of the UK football season. During the year to March 31 last year the company returned pre-tax profits of £1.15m.

Although the strike lasted only 10 days Mr Yardley said the company's performance was impaired for three months into the first weeks of December, indicating that the full year results might only carry a legacy of the dispute.

Although the company does not expect to recoup the first half downturn, returns from the marketing and competition arms are expected to reduce the impact.

These subsidiary operations, which include "spot the ball" competitions and a tie up with a major national daily to operate its Lotto competition, performed well in the first half.

The contributions from these businesses explain a growth in turnover which increased to £10.9m compared with £10m in the corresponding half.

Carron Phoenix

Carron Phoenix, kitchen sink maker and catering equipment distributor, raised its profits from £1.4m to £1.51m pre-tax for the year to October 1 1988. Turnover rose by £2.44m to £17.6m.

Shareholders in the company, which joined the USM a year ago, are to receive a total dividend of 4p via a final of 2.67p. Earnings emerged at 9.4p (10.1p).

Economic Forestry

Profits of the Economic Forestry Group totalled £1.94m pre-tax for the 53 weeks to October 2 1988, 55 per cent ahead of the £1.25m for the preceding 52 weeks. Turnover rose by almost £2m to £37.05m.

Earnings were 9.8p (8.19p) and a final dividend of 2p raises the total to 3.25p (3p). The USM group is engaged in the establishment and management of forests and woodlands.

Property sale aids Astra Trust

Astra Trust improved its trading profit in the half year to October 31 1988 and, with an exceptional credit, turned in a pre-tax profit of £381,000, compared to a loss of £89,000.

Turnover was £2.71m (£2.76m). Trading profit £112,000 (£73,000). Exceptional credit of £452,000 came from sale of investment property.

The directors said the development of financial services (trading profit trebled to £162,000) as the core trading activity continued.

Engineering lost £53,000 against £26,000 profit.

The Investment Co

The Investment Company reported pre-tax revenue for the six months to end-September of £437,172 (£477,346). Total income was £583,572 (£561,679). Tax took £379,214 (£260,972) and the interim dividend of 0.25p (0.23p adjusted) came from earnings of 1.1p (1.2p).

News Digest

BARBOUR INDEX

Profits top the £2m mark

BARBOUR INDEX, provider of specialist information services to the construction, health, safety and computer markets, increased pre-tax profits from £1.91m to £2.18m in the six months to October 31. This rise was achieved on turnover 30 per cent ahead from £3.93m to £5.1m.

Earnings per share moved up 17 per cent to 17.1p (14.6p) and the interim dividend is raised to 2.5p (2p).

Mr Patrick Barbour, chairman, said the rate of development expenditure had increased to include the development of new services and a re-design of the compendium.

He said profits were still weighted towards the first half, but the second would continue its trend of producing an increasing share of profits.

ACE BELMONT

Double up at 12 months

Ace Belmont International, Humberside-based caravan manufacturer, lifted pre-tax profits from £2.84m to £5.62m in the year to August 31 1988.

Sales totalled £81.39m – a rise of 60 per cent on the previous year's £50.73m. After tax of £2.02m (£929,000). earnings per £1 share rose to 161.25p (80.9p).

SIDNEY C BANKS

Less stress on farm supplies

Despite a rise in sales from £53.68m to £61.63m, interim pre-tax profits at Sidney C Banks fell slightly from £1.26m to £1.09m. After tax of £376,000 (£452,000), earnings at this grain and agricultural merchant came out at 10.6p (12p).

The interim dividend remains 2.125p. The directors said activities not directly related to the supply of farm products continued to be developed. The contribution to profit from these businesses had increased.

REAL TIME CONTROL

Setback at midterm

Profits of Real Time Control, USM-quoted manufacturer of electronic keyboards, colour terminals and advanced information systems, fell from £237,000 to £62,000 pre-tax for the half year ended September 30 1988.

Directors blamed the setback on costs associated with a continued development of products which were required to furnish a dealer marketing operation, both at home and overseas.

They added that the figures did not reflect advances in the period which should provide the basis of the company's future profitablity.

The half year saw turnover improve to £1.85m (£1.59m). At the trading level, however, the company ran up a loss of £21,000 compared with previous profits of £148,000. Earnings per 5p share emerged at 0.6p (2.3p).

BESPAK

Advance at six months

Bespak, manufacturer of specialised aerosol valve systems, raised its profits by 12 per cent to £1.61m pre-tax for the half year ended October 28. Turnover pushed ahead from £9.01m to £9.48m.

Earnings rose by 7 per cent to 7.8p per 10p share and the interim dividend is being stepped up 0.25p to 2.25p.

WYKO GROUP

Recovery in manufacturing

A strong recovery by its manufacturing division enabled Wyko Group, USM-quoted bearing and power transmission component distributor, to raise pre-tax profits by 62 per cent from £763,000 to £1.24m in the six months to October 31 1988.

Last year's profit was struck after an exceptional charge of £87,000. Turnover rose by 11 per cent to £18.88m. After tax of £475,000 (£370,000), earnings per 10p share almost doubled at 4.32p (2.23p).

The improvement on the UK manufacturing side meant groupdivisional profit figures were more balanced. The manufacturing operation made a profit of £385,000 (£11,000 loss); UK distribution profits slipped from £513,000 to £458,000, but the international contribution was ahead at £392,000 (£348,000).

The interim dividend is increased to 1.25p (1.1p).

COATED ELECT

Warning about the full year

Coated Electrodes International returned to the black in the first half with pre-tax profits of £211,000 against losses of £184,000 in the second half of the previous year. However Mr Michael Mallett, chairman, warned that action to resolve remaining problems would eliminate profits for the full year.

Profits for the six months to October 2 compared with £825,000 in the same period of the previous year on turnover higher at £6.25m (£5.87m). Mr Mallett said the figures for the USM-quoted Sheffield-based company with interests in coated electrodes, graphite recovery and machining, specialist machinery and refractories had been affected by a significant loss at Sarclad.

Earnings per 5p share were 1p (3.7p) and the interim dividend has been passed after 1.4p last time. Last year's final was also passed.

DOWTY

Expanding via acquisition

Dowty, the engineering group, is expanding its information technology interests with the acquisition of Mayze Systems for a maximum of £6.1m. The company will be used to spearhead Dowty's international marketing efforts in data communications products

Formed 18 months ago, Swindon-based Mayze designs and manufactures a range of modems and multiplexes. Turnover for the current year is likely to reach £5m.

Dowty acquired 30 per cent of Mayze through its £80m purchase of CASE last summer. It is buying the balance of the shares via an issue of new Dowty shares worth £2.1m. Further sums will be payable in shares, subject to a maximum consideration of £6.1m, depending on the company's performance to April 1990.

WESTPOOL

Benefiting from interest income

Westpool Investment Trust, investment holding company, announcedpre-tax profits 53 per cent higher at £3.29m in the six months to October 31.

Directors said that the increase reflected a full half year's interest on money deposited. They expect to retain a substantial part of current cash deposits and full year profits would reflect benefits of the resulting income.

Gross income amounted to £3.42m (£2.39m), with the dividend from the London Merchant Securities subsidiary contributing £2.38m (£2.22m). Earnings per share were 2.32p (1.56p). The interim dividend is maintained at 0.35p.

MARKHEATH

Sharp progress to £3.78m

Markheath Securities, commercial and residential property investor and developer, lifted taxable profits 86 per cent to £3.78m in the six months to end-September. Turnover rose from £8.82m to £15.93m.

Income from investment properties almost doubled to £893,000 (£425,000), but dividends receivable dipped sharply to just £43,000 (£729,000).

Earnings per share expanded to 4.02p (2.64p). The interim dividend is raised to 1.5p (1p).

FLEMING OVERSEAS

Good rise in earnings

Fleming Overseas Investment Trust increased net asset value to 206.1p at the end of 1988, from 178.2p a year earlier.

With pre-tax revenue for the half year to December 31 up to £4.89m (£2.52m), earnings per share showed a sharp rise from 1.25p to 2.43p. The board said full-year earnings were likely to show a substantial increase over last year's 2.71p.

The board intends to recommend distribution in the final dividend of most of any increased earnings. The interim dividend has been stepped up from 1p to 1.5p - last year's final was 1.7p.

ALEXANDERS HLDGS

Sharply up at £1.73m

Pre-tax profits rose 91 per cent to a record £1.73m at Alexanders Holdings in the year to September 30 1988. The advance from £905,000 previously was achieved on turnover up 24 per cent from £68.16m to £84.5m.

The directors of the company, Scotland's biggest Ford main dealer, have recommended a dividend of 1p, up from 0.73p on earnings per 10p share of 3.15p (1.46p).

Mr Bertie Loudon, chairman, said the profits growth was generated by all areas of the business and reflected efforts to reduce borrowings and improve overall efficiency. The surplus on the sale of an investment property after the end of the year would be reflected in the current year.

JURYS HOTEL

Sights set on record return

Jurys Hotel Group, Dublin-based hotel operator, reported pre-tax profits ahead to I£1.65m (£1.37m) for the half year ended October 31 1988, compared with a previous £1.55m.

Turnover rose from £9.24m to £9.84m.

The interim dividend is lifted to 1.6p (1.5p), payable from earnings of 7.08p (6.57p) per share.

Improved trading was continuing into the second half, the directors said, and they expected record profits for the year.

Construction of the 100 new bedrooms on the Dublin Hotel site, to be known as Towers at Jurys, would be completed towards the end of February.

HILCLARE

Midway decline to £72,000

In its first results since joining the Third Market in June Hilclare has reported a decline in pre-tax profits to £72,000 from £175,000. The company, which designs and manufactures electronic, electrical, security and lighting products, forecast at the time of its debut, pre-tax profits for the yaer of not less than £250,000.

Turnover in the first half dropped to £651,000 (£1.14m). Trading in that period is normally lower than in the second half. The directors said results were ahead of budget in respect of sales and pre-tax profits.

ABBEY PANELS

Setback at year-end

Abbey Panels Investments, precision engineer and fabricator, reported a 36 per cent drop in pre-tax profits from £1.42m to £908,000 in the year to September 30 1988.

Turnover was down marginally from £13.06m to £12.42m and operating profit fell 39 per cent to £784,000 (£1.28m).

After tax of £460,000 (£720,000), a recommended final dividend of 1.8p (1.2p), making 3p (2.4p) for the year, came from earnings per share of 22.41p (35.98p).

The results for 1987 have been restated to allow for a change in depreciation methods. This has the effect of reducing the depreciation charge for 1988 by £221,000 and by £256,000 for 1987.

CANTORS

Turnover and profit up 15%

Cantors, furniture retailer, reported interim pre-tax profits ahead by 15 per cent at £926,000, against £804,000. Mr Harold Cantor, chairman, said that the company continued to trade satisfactorily.

Turnover for the six months to October 29 was up from £16.99m to £19.48m, also a rise of 15 per cent, and after tax of £324,000 (£280,000) earnings per share were up at 4.38p (3.83p). The interim dividend is raised from 0.75 to 1p.

COMMODITIES AND AGRICULTURE

Brussels plans tough farm price package

By Tim Dickson in Brussels

THE EUROPEAN Commission looks set to propose cutting support for cereal producers as part of a tough farm price package due to be unveiled in Strasbroug next week.

First indications of the Commission's thinking started to emerge yesterday after Mr Ray MacSharry, the new Irish Agriculture Commissioner, had outlined his preliminary thinking to his 16 colleagues at a meeting in Brussels. His ideas suggest that the Community's farmers can expect little let up in the restrictive price policy of by Mr Frans Andriessen, Mr MacSharry's predecessor.

Officials and diplomats stressed that negotations were at an early stage but it is already clear that next week's package – likely to be presented to EC Farm Ministers at their meeting on January 23 – will contain controversial proposals for tightening up the EC's grains regime.

Cereals farmers already face an automatic 3 per cent cut in their guaranteed price next year following an announcement in November that the 1988/89 cereals harvest had been estimated at 162.5m. tonnes – 1.6 per cent above the support ceiling of 160m tonnes agreed by heads of government last February. On top of this it is thought that the commission will propose that intervention purchases are in future restricted to four or five months of the year in Northern Europe (against seven months at the moment) and that the so-called monthly increment payments designed to discourage producers from putting their grain into storage are cut by 25 per cent and limited to four monthly instalments.

The cumulative effect of the Commission's plan is calculated by some lobbyists as a price cut exceeding 5 per cent, though this would be mitigated, at least in part, for most member states by adjustments to green currencies (the rates at which Ecu denominated prices are translated into national money). West German farmers, on the other hand, may face proposals for bigger cuts in their own currency.

The overall thrust of the forthcoming package is expected to be a price freeze – but officials in the Commission are known to be recommending a 5 per cent cut in the guaranteed price of sugar. Sugar producers got off lightly in last year's famous stabiliser reforms but a cut could cause problems with Caribbean producers who, under a deal with the ACP bloc of developing nations, are guaranteed a 1.3m-tonne import quota, normally at the EC's guaranteed price.

Oil market remains firm, but bears wait in the wings

By Steven Butler

THE WORLD'S oil trading community appears to be growing ever more comfortable with the notion that the great surge of production by members of the Organisation of Petroleum Exporting Countries in the fourth quarter of 1988 has vanished, never to be heard of again.

Oil prices yesterday continued to firm following the weekly American Petroleum Institute report Tuesday night that US crude stocks fell in the week to January 6 by 5.55m barrels. Refined product stocks in primary storage rose by a smaller amount.

Scattered reports that Opec countries have sharply reduced output in the first week of the year has also given support.

A growing number of analysts now believe that oil consumption has grown much faster than was previously thought, thus allowing the increased Opec output to pass through the system quickly.

This view drew apparent support from yesterday's monthly report by the International Energy Agency, which lifted its estimate for growth in 1988 fourth quarter oil consumption in the industrialised countries to 4 per cent.

The IEA figures, however, also confirmed a big surge in Opec output, which it estimates at 22.7m barrels a day in December. Opec production grew rapidly from September when Saudi Arabia, frustrated at lack of production discipline by other Opec members, sharply raised its output beyond its quota limit.

Although Opec ministers reached an informal agreement to limit production during December, this appears to have fallen apart, and in fact production continued to rise.

The growing consensus that oil prices may remain firm, however, has not shaken the bears from a view that the real test for oil markets will not come until the end of this month, or early February.

Cambridge Energy Research Associates, the energy consulting group, has completed a study that looks at previous surges in Opec production and concludes that if historical patterns are repeated, oil markets will be awash with oil in a few weeks time.

Mr Joseph Stanislaw, an author of the report, says that it takes about three months for a surge in Opec production to show up in US primary storage and refined product inventory. This means that when the increased production finally lands and appears in regular statistical reports, it will coincide with the traditional February period of oil market weakness. Prices tend to be weak in February because it lies between the stockbuilding periods for winter heating and the warm weather driving season.

The impact could be heightened, ironically, by current reduced UK output, which is down 500,000 barrels a day because of accidents on the North Sea. North Sea supplies are tight because of the drop in production, but this will begin to ease gradually in a few weeks time, just as Middle East crude supplies build up.

The CERA study examines another peculiarity of the current market, which is the failure of prices for Dubai crudes to match the recent upward swing in prices for North Sea Brent and West Texas Intermediate in the US.

Brent and WTI typically trade at $1.50 and $2.50 a barrel premiums respectively over Dubai, reflecting differences in transportation costs and quality. These differentials, however, have widened to $2.50 and $4 in recent months.

CERA has found four periods in which Brent and WTI crudes traded at such premiums. In one case only, when Opec changed its price formula in 1986, did Dubai rise to restore the traditional price relationship. In all other cases Brent and WTI fell back, and CERA expects that to happen this time as well.

The lengths of these periods, averaging 21 weeks, also indicates an impending resolution of the current distortion, which has lasted for about 19 weeks.

Both WTI and Brent are traded in more highly developed markets, and are affected by futures trading that factors in market expectations which can distort short term price behaviour.

CERA concludes that crude prices are likely to decline, perhaps sharply, by late January or early February. The rate of decline could be further accelerated if secondary and tertiary storage, which lies outside of the main statistical reporting, is drawn down. This would be typical behaviour of consumers who do not wish to hold oil that is declining in value.

There are a number of factors that could hold up the price decline. The most prominent is the trouble in Mexico with the oil workers union, should a strike halt Mexican oil exports.

A meeting scheduled for London on January 26 between Opec and non-Opec producers could give a psychological boost to the market. And the Opec ministerial monitoring committee is planning to meet in March. This will keep traders on their toes, since the committee has the authority to call a full Opec meeting if prices deteriorate.

It is also, of course, possible, that the world's capacity to absorb a surge in Opec production is much greater than many observers had thought. In any case, a test of these theories is at hand.

NON-COMMUNIST world oil supplies reached the highest levels in a decade during the fourth quarter of the 1988, at 53.5m barrels a day, according to the monthly report of the International Energy Agency.

For the whole year, supplies reached 50.4m b/d. Opec production surged to a peak of peaked at 22.7m b/d in December, while Opec annual production averaged 19.5m b/d, an increase of 2m b/d over 1987.

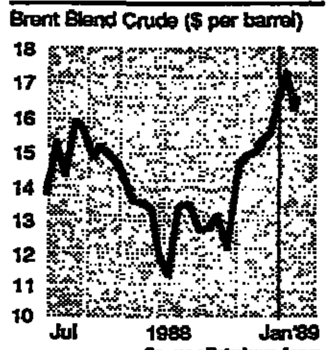
The IEA also reported a surge in the growth of consumption in the industrialised countries during the fourth quarter, which it estimated at 4 per cent over the fourth quarter of 1987, including movements to secondary and tertiary stocks.

In 1988 non-communist oil consumption grew by 2.7 per cent, at 50.1m b/d, the highest since 1979.

As of January 1, stocks on land in the industrialised countries fell by 400,000 tons below the level a year earlier, although the IEA warned that stocks elsewhere might have risen.

Oil price

Brent Blend Crude ($ per barrel)



Source: Petroleum Argus

Why the bottom of the barrel never appears any closer

Steven Butler examines the significance of Saudi Arabia's 50 per cent upgrading of estimated reserves

SAUDI ARABIA this week single-handedly extended the world's total supply of oil at current rates of consumption by nearly four years when it added 85bn barrels to its estimates of recoverable reserves.

This means that the world now has about 45 years' supply of oil.

Fears that oil is about to run out, as the accompanying graph illustrates, never seem to amount to anything serious. Indeed the more oil the world consumes, the more it seems able to replace it.

The Saudi Arabian upgrading of its reserves follows substantial increases in 1986 and 1987 by Kuwait, the United Arab Emirates, Iraq, Iran, and Venezuela.

Relatively little of this oil represents new discoveries. Instead geologists are taking a fresh look at old fields, using newer technology to evaluate them, and are concluding that there is a lot more oil that can be produced than was originally thought.

This results both from a better ability to look into the ground to judge the size of oil reservoirs, and also a better understanding of how to manage reservoirs to yield the maximum amount of oil.

This trend has affected reserve estimates across the globe, from the North Slope of Alaska and the North Sea to the Middle East.

Oil is lodged at high pressure in underground rocks, or sands, and a good performing reservoir will flow oil to the surface when tapped with a drill bit.

Reservoir pressure, however, tends to give out when only a small portion of the oil is retrieved, and production can be enhanced by injection of water, gas, or some chemicals, or by skillful tapping of the reservoir at multiple points.

With today's technology and price environment it may still be economic to recover only, say, 40 per cent of the total oil in a reservoir, and this means that if technology improves and should oil prices rise, recoverable reserves will also go up.

As with most other commodities, a shortage that prompts a rise in prices almost automatically leads to greater supply, even leaving aside the question of further exploration that would produce new discoveries. There is no question yet of oil running out.

Given all of these variables, estimating recoverable reserves can be more of an art than a science, and often a political art at that.

When in 1987 Iraq increased its reserve estimates by 35bn to 100bn, there were plenty of doubters in the oil industry. Iraq was seeking a big increase in its production quota with the Organisation of Petroleum Exporting Countries, which it finally succeeded in achieving at last November's Opec meeting.

Estimates of reserve were part of a formula that once was used to determine Opec quotas, although now quotas tend to be based on ad hoc adaptations of previous allocation levels.

This, of course, raises the question of why Saudi Arabia has even bothered to undertake the six years of research that has led to this higher reserve estimate. For practical planning purposes, it makes little difference whether Saudi Arabia is sitting atop 167bn or 252bn barrels.

Saudi Arabia does have more credibility than some of its Opec bretheren, and there is little reason to doubt the broad accuracy of its most recent reserves estimate. The previous figure was widely regarded as outdated.

In the near-term, however, the significance of the Saudi upgrading has far more to do with Middle East politics than oilfield management.

At its last meeting Opec agreed a quota allocation formula intended to carry the cartel forward until an entirely new basis for production sharing could be thrashed out. Until then any increased call on Opec production will be met by a proportionate increase in what members still call temporary quotas.

If the call on Opec production continues to rise, as it has recently, however, by the early 1990s some of Opec's smaller producers will run against capacity constraints. Other relatively small producers may wish to restrain increases in order to prolong the life of limited oil reserves.

This leaves the battle for market share to the five big Gulf producers – Saudi Arabia, Iran, Iraq, Kuwait and the United Arab Emirates – and, to some extent, Venezuela.

Collectively these six nations account for nearly 70 per cent of the world's total oil reserves, but only about 32 per cent of current production.

Sorting out claims for higher production shares among these nations will undoubtedly be a complex affair, overshadowed at times by the strategic considerations of the balance of power in the Middle East.

Iraq has already shown that a bit of aggressiveness and upgrading of reserve figures can result in a higher quota allocation.

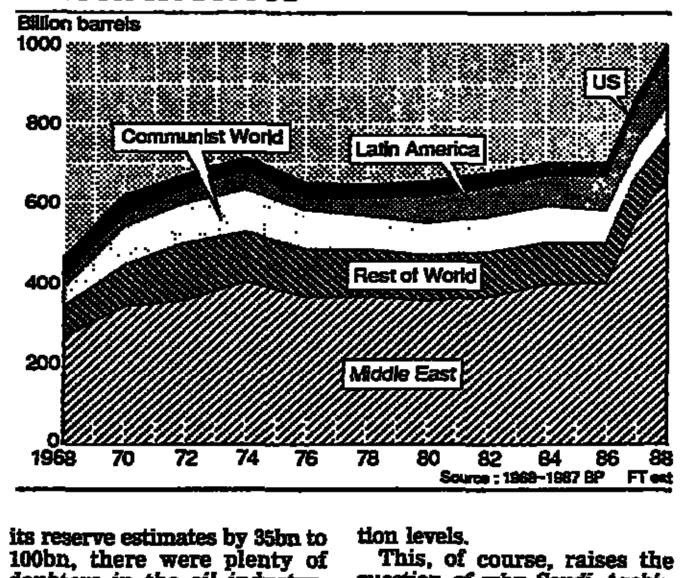
This must be worrying to Saudi Arabia, which has a much smaller population and is no match for Iraq's position of military dominance in the Gulf.

The Saudis were certainly unhappy that nearly all of the increase in quota allocations at the last Opec meeting went to Iran and Iraq, and any extra bit of ammunition to strengthen its claim for a bigger share in the future is surely welcomed.

For the rest of the world, the increased Saudi reserve figure only serves as another reminder that while the earth holds plenty of oil, eventually, control over oil markets will inevitably pass again to the Gulf producers. This may take five, or ten or more years, depending on how quickly oil consumption rises and on how long non-Opec production can be maintained. The non-Opec oil producers are running through reserves at a pace that simply cannot be sustained.

Proven Reserves

Billion barrels



Source: 1968-1987 BP FT est

Rumours buoy New York cotton futures

By Deborah Hargreaves in Chicago

COTTON FUTURES prices have been buoyed by market rumours in spite of the lack of fundamental strength in the underlying physical cotton market.

The market broke out of its torpor last Thursday, in response to rumours that China had made a major purchase from the US, and earlier this week prices on the New York Cotton Exchange edged above 60 cents a lb for the first time since last July.

The rumours of Chinese buying are yet to be confirmed, but they have been enough to encourage a surge of speculative interest in the contract. Traders believe China has bought as much as 150,000 bales from the US and could be in the market for more.

China is traditionally a net exporter of cotton – the second largest in the world – but the country's stocks have run low after last year's poor crop.

Any Chinese foray into the US market is significant since the country has not bought US cotton for many years. US cotton is in abundant supply, in fact, "we're in a terribly overburdened situation," says Ms Judy Ganes, commodities analyst at Shearson Lehman Hutton in New York.

The US is expected to have a record carry-over this year of 9.5m bales, up from 5.8m last year. Demand has slackened as domestic and overseas textile mills have slowed operations in a weak cloth market.

"There is no fundamental long-term strength in the market," says Mr Ed Whitten, who trades cotton for Balfour Maclaine in New York. He believes that if the March futures contract can break through the technical 60-cents-a-lb level, the market has the potential to go higher. But the drive behind it is purely speculative.

"We have seen some farmers coming into the market to fix their prices and when they do that, they believe the market to be near its highs," Mr Whitten adds.

The US Department of Agriculture has set an export total for cotton this year of 5m bales, but although exporters are seeing some Far East demand, this is a lot lower than last year.

● Pakistan's cotton production in the first four months of the season was slightly higher than last year despite the worst floods in 30 years, the all Pakistan Cotton Ginners Association said this week, reports Reuter from Karachi.

It said ginning factories had received 5.96m bales (375 lb each) up to January 1, up from 5.81m last year.

WORLD COMMODITIES PRICES

LONDON MARKETS

COFFEE PRICES regained much of Tuesday's losses yesterday morning before retreating in the afternoon as New York moved lower. The March contract closed at £1,181 a tonne, a rise of £14. Dealers said that market fundamentals remained constructive, but robusta price movements were continuing to be influenced by New York's volatility, which is driven by big commodity funds and speculators. Physicals have remained quiet as the trade and roasters wait for the current volatility to subside. In the cocoa market, by contrast, fundamentals remain bearish. Talk that a reasonable proportion of the 200,000 tonnes of Ivorian cocoa bought by Sucres et Denrees and destined for current consumption might still be unsold remained a depressive influence. On the LME base metals were generally steady.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$13.72-3.82w	+0.22
Brent Blend	$16.30-6.35w	+0.20
W.T.I. (1 pm est)	$17.90-7.93w	+0.39
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$168-172	-0.5
Gas Oil	$160-162	-1
Heavy Fuel Oil	$73-75	-1.5
Naphtha	$156-158	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$404.00	-0.75
Silver (per troy oz)♣	594c	-3
Platinum (per troy oz)	$526	-2
Palladium (per troy oz)	$131.5	-0.5
Aluminium (free market)	$2385	-30
Copper (US Producer)	153¾-157c	
Lead (US Producer)	41c	
Nickel (free market)	736c	-25
Tin (European free market)	£4192.5	-37.5
Tin (Kuala Lumpur market)	20.00r	
Tin (New York)	344.21c	+0.13
Zinc (US Prime Western)	74¼c	
Cattle (live weight)†	110.02p	-1.74*
Sheep (dead weight)†	152.21p	-5.14*
Pigs (live weight)†	73.82p	-2.19*
London daily sugar (raw)	$253.6u	-4.6
London daily sugar (white)	$279u	-4
Tate and Lyle export price	£251.0	-3.5
Barley (English feed)	£113	
Maize (US No. 3 yellow)	£131.5	
Wheat (US Dark Northern)	£127.8v	+1.5
Rubber (spot)♥	62.00p	+0.50
Rubber (Feb)♥	66.50p	+0.50
Rubber (Mar) ♥	66.75p	+0.50
Rubber (KL RSS No 1 Feb)	302.0m	+2.5
Coconut oil (Philippines)§	$550x	
Palm Oil (Malaysian)§	$345	-25
Copra (Philippines)§	$380	
Soyabeans (US)	£193.5	-0.5
Cotton "A" Index	63.8c	-0.1
Wooltops (64s Super)	710p	+55

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Dec/Jan. w-Feb. v-Apr/May. u-Jan/Feb. q-Dec. x-Feb/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	816	827	820 810
May	825	836	829 820
Jul	832	845	837 828
Sep	840	849	845 839
Dec	856	866	865 856
Mar	870	877	877 868
May	900	890	

Turnover: 4815 (7366) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 10: 1061.63 (1083.26):10 day average for Jan 11: 1123.49 (1132.01) .

COFFEE £/tonne

	Close	Previous	High/Low
Jan	1196	1185	1226 1190
Mar	1181	1167	1215 1173
May	1158	1142	1178 1150
Jly	1153	1147	1171 1150
Sep	1154	1148	1170 1155
Nov	1150	1150	1166 1157
Jan	1152	1155	1170 1169

Turnover:5166 (6292) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 10: Comp. daily 129.03 (130.27); . 15 day average 132.96 (132.63).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Mar	222.40	226.00	229.00 222.20
May	223.80	229.00	230.00 223.60
Aug	219.20	224.00	224.00 219.20
Oct	215.00	219.60	220.20 215.00
Dec	212.00	215.60	217.00 214.00
Mar	212.00	216.60	
May	211.60	216.60	215.80
White	**Close**	**Previous**	**High/Low**
Mar	268.00	271.00	271.00 266.00
May	263.00	268.00	267.00 263.00
Aug	263.50	268.00	267.00 266.00
Oct	256.00	261.50	260.00
Dec	255.00	259.00	
Mar	253.00	258.00	257.00

Turnover: Raw 4230 (2459) lots of 50 tonnes. White 1415 (2326).
Paris- White (FFr per tonne): Mar 1688, May 1666, Aug 1675, Oct 1630, Dec 1615, Mar 1595

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
2250	178	196	48	130
2350	119	151	87	180
2450	74	113	141	239
Copper (Grade A)	**Calls**		**Puts**	
2900	340	285	80	242
3100	220	203	157	354
3300	133	141	267	487

WOOL

Australian wool prices leapt ahead at opening sales this week. A sharp rise was expected, but there were few who expected anything quite so large as a rise of 5-8% on the first day. Strength in the Australian dollar pushed up wool costs further for most overseas buyers. Protectively high prices applied before sales were resumed and there was increasing reluctance to sell except at a substantial advance on pre-christmas levels. A good deal of trade in anticipation of strength in Australia is reported world-wide. Bradford benefited to some extent, though the retail trade here is slow to follow such market surges. 58s super fine crossbreds are quoted around 500p per kg. Coarser crossbreds are affected but not so greatly.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 27,325 tonne
Cash	2390-5	2415-20	2395/2375	2385-90		
3 months	2345-8	2360-5	2365/2325	2340-5	2335-40	23,640 lots
Copper, Grade A (£ per tonne)						Ring turnover 48,350 tonne
Cash	1850-1	1862-7	1857/1848	1855-7		
3 months	1744-5	1752-3	1760/1635	1754-6	1744-5	66,180 lots
Silver (US cents/fine ounce)						Ring turnover 50,000 ozs
Cash	588-91	589-92		595-6		
3 months	602-5	602-6		598-601		449 lots
Lead (£ per tonne)						Ring turnover 10,950 tonne
Cash	385.5-6.5	384.5-5	385.5/385.25	386.5-6		
3 months	385.5-6	385-5.5	388/385	385-5.5		8,311 lots
Nickel ($ per tonne)						Ring turnover 4,508 tonne
Cash	16600-700	16700-900	16700/16300	16350-400		
3 months	15600-50	15600-50	15800/15450	15500-50	15750-800	6,598 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 4,125 tonne
Cash	1654-6	1675-80	1680/1670	1675-80		
3 months	1640-5	1633-5		1650-5	1640-50	2,306 lots
Zinc ($ per tonne)						Ring turnover 23,675 tonne
Cash	1648-50	1658-60	1665/1650	1660-5		
3 months	1612-5	1603-8	1627/1610	1613-5	1615-9	11,460 lots

POTATOES £/tonne

	Close	Previous	High/Low
Feb	49.0	50.0	
Apr	73.5	75.4	77.5 73.0
May	86.0	90.8	90.3 86.0
Nov	82.0	82.0	
Feb	92.0	89.0	

Turnover 437 (815) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Feb	172.00	173.00	
Apr	173.00	175.00	173.50 173.00
Jun	167.00	170.00	
Aug	160.00	162.00	159.50

Turnover 85 (400) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Jan	1639	1635	1642 1636
Feb	1670	1674	1682 1663
Apr	1699	1706	1710 1690
Jul	1491	1496	1500 1490
Oct	1590	1595	1590
Jan	1599	1595	1600 1599
BFI	1620	1604	

Turnover 816 (930)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Jan	112.30	112.40	112.75 112.30
Mar	115.45	115.30	115.65 115.45
May	118.40	118.45	118.75 118.40
Jun	120.00	120.00	120.00
Sep	102.75	102.60	102.70
Nov	105.00	105.00	105.00
Jan	108.00		108.00
Barley	**Close**	**Previous**	**High/Low**
Jan	108.35	108.60	108.45 108.25
Mar	111.50	111.35	111.50 111.35
May	113.75	113.50	113.75 113.60
Sep	100.00	99.90	100.00
Nov	102.60	102.50	102.60

Turnover: Wheat 125 (156) . Barley 104 (18) .
Turnover lots of 100 tonnes.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	403¾-404¼	226¼-226¾
Opening	402¼-402¾	227¼-228¼
Morning fix	403.5	227.004
Afternoon fix	403.8	226.282
Day's high	404¾-404¾	
Day's low	402¼-402¾	
Coins	**$ price**	**£ equivalent**
Mapleleaf	415-420	232½-235½
Britannia	415-420	232½-235½
US Eagle	415-420	232½-235½
Angel	-	-
Krugerrand	402½-405½	225½-227½
New Sov.	95-98	53¼-54
Old Sov.	95-98	53¼-54
Noble Plat	531.1-539.95	298.9-304.9

Silver fix	p/fine oz	US cts equiv
Spot	333.05	590.90
3 months	343.70	604.50
6 months	354.25	618.40
12 months	376.30	650.10

CRUDE OIL $/barrel

	Close	Previous	High/Low
Mar	15.79	15.65	15.95 15.72
Apr	15.55	15.45	15.58 15.43
IPE Index	16.18	16.30	

Turnover: 5289 (3279)

GAS OIL $/tonne

	Close	Previous	High/Low
Feb	151.00	150.25	153.50 150.75
Mar	148.25	145.25	148.00 146.00
Apr	141.00	139.50	142.75 141.00
May	135.50	134.75	137.00 136.00
Jun	133.25	130.50	134.25 132.50
Jul	133.50	133.00	132.75

Turnover 7485 (9249) lots of 100 tonnes

US MARKETS

TRADING WAS quiet in the metals with light trade selling seen in the gold and silver markets, reports Drexel Burnham Lambert. Commission house and arbitrage buying kept copper futures firm for most of the day. In the softs, prices fell in all markets with coffee futures posting the largest decline. The March contract was down over 1000 points. Continued long liquidation and sell stops added to the weakness. Sugar prices fell below the 10 cent level on stop loss selling. Commodity funds were featured sellers in the cocoa market as prices fell 11 in March. The grain markets all closed lower due mostly to liquidation before the upcoming crop report. March soybeans were down 5¼ as the days weakest grain. Cotton futures were slightly lower on some speculation of a bearish crop report. The meat markets featured lower prices as a weak cash hog market and a premium of the futures to cash weighed on the market. Slow packer demand due to negative cutout margin put pressure on hog futures. In the energy markets, a bullish API report gave support to the crude oil and the gasoline markets. Lack of buying energy products forced gasoline prices lower.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 10	Jan 9	mnth ago	yr ago
1885.4	1889.7	1897.4	1764.1

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	141.91	142.19	135.99	131.63
Futures	144.85	144.47	140.84	138.08

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

Equity undertone remains confident

The London equity market finally ran out of steam yesterday, ending five consecutive trading sessions of broad advances. The background was an increasingly powerful market view that the two so-called consortium bids for GEC would not materialise in any realistic form and that the joint bid by GEC and West Germany's Siemens for Plessey would run into a referral to the Monopolies Commission and an inevitable protracted investigation into the £1.7 bn offer.

At the close, the FT-SE 100-share index, which has risen some 51.3 points since last Tuesday week, showed a fall of a mere 1.9 at 1,834.1.

Account Dealing Dates		
*First Dealings:		
Dec 28	Jan 16	Jan 30
Option Declarations:		
Jan 12	Jan 26	Feb 9
Last Dealings:		
Jan 13	Jan 27	Feb 10
Account Day:		
Jan 23	Feb 6	Feb 20

*New time dealings may take place from 9.00 am two business days earlier

But dealers and analysts were by no means dismayed by the halt to the market's progress. "It's getting to the end of what has been an entirely satisfactory account from our point of view - excepting of course the job losses that now seem part of day-to-day life in the City. This marginal correction is no real problem: turnover is picking up, and there are plenty of bids, actual or rumoured, flying about. Let's hope the new year carries on like this," was the specific comment of one senior dealer mirroring a general view in the market.

Turnover yesterday, again substantially boosted by the major action in electronics, totalled 581.3m shares, well ahead on Tuesday's 566.9m and only slightly below Monday's 591.4m.

There were a few tremors in the market as sterling moved sharply higher against most leading currencies. The recently strong dollar came under pressure after widespread intervention by many central banks, including the US Federal Reserve. Glaxo proved vulnerable to currency considerations, but two strong features emerged in the pharmaceuticals arena; Wellcome, after a positive recommendation issued by one of the top US securities houses, and Beecham, where a top UK brokerage put the stock on its buy list.

Bid news yesterday included details of a £24m offer by a subsidiary of French oil group, Elf Aquitaine, for speciality paints company Johnstone Paints. And the property group London Shop succumbed to Peel Holdings' £300m-odd bid.

The foods sector was upset by some hefty selling orders ahead of expected bad publicity, via a television programme, detailing possible dangers to health from prepackaged foods and meat and poultry products. But confectionary group Bassett saw its shares race ahead after a bid approach.

George Wimpey, one of the UK's leading housebuilders and construction groups, were among the market's strongest performers, amid hints that the Grove Charity Trust may be about to reduce its 35 per cent stake and that a bid for Wimpey could now be on the cards.

FINANCIAL TIMES STOCK INDICES

	Jan. 11	Jan. 10	Jan. 9	Jan. 6	Dec. 5	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	87.14	87.18	86.90	86.70	86.65	86.97	91.43 (18/4/88)	86.18 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.38	96.36	96.09	96.00	95.97	94.46	98.67 (26/5/88)	94.14 (8/1/88)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1498.8	1503.5	1502.0	1481.3	1471.5	1391.1	1514.7 (8/8/88)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	163.1	164.2	162.9	163.4	161.7	286.1	312.5 (7/1/88)	160.7 (3/1/89)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Dl. Yield	4.88	4.87	4.88	4.95	4.98	4.48				
Earning Yld %(full)	12.26	12.22	12.29	12.46	12.55	11.21				
P/E Ratio(Net)(*)	9.86	9.89	9.84	9.70	9.63	10.93				
SEAQ Bargains(5pm)	26,294	29,333	31,613	22,883	23,096	20,826				
Equity Turnover(£m)†	-	1229.32	1348.25	1113.54	1140.29	858.29				
Equity Bargains†	-	31,786	32,904	25,204	24,108	22,624				
Shares Traded (ml)†	-	479.2	565.6	422.0	411.3	371.8				

Ordinary Share Index, Hourly changes

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1499.9	1499.2	1498.0	1498.2	1498.8	1498.7	1497.5	1499.4

DAY'S HIGH 1500.8 DAY'S LOW 1496.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil 9.80 †Excluding intra-market business.

S.E. ACTIVITY

Indices	Jan.10	Jan.9
Gilt Edged Bargains	103.5	101.5
Equity Bargains	206.0	213.2
Equity Value	2484.8	2725.2
5-Day average		
Gilt Edged Bargains	96.3	90.2
Equity Bargains	176.2	152.0
Equity Value	2252.2	1920.0

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	3,000	133	-1	Commercial Union	575	344	+1	Land Securities	458	554	-1	Rothmans	122	434	
Allied-Lyons	2,300	496	+2	Cons. Gold Fields	144	1238	+3	Laporte	231	381	-2	Royal Bk. of Scotland	339	361	+3
Amstrad	1,100	166	-2	Cookson	202	263	-3	Legal & General	998	298	+5	Royal Insurance	454	391	
Argyll Group	973	164	-4	Courtaulds	695	277	-½	Lloyds Bank	926	328	+1	STC	2,900	268	+6
Ass. Brit. Foods	28	389	-1	Dalgety	635	312	-3	LASMO	2,400	495	+5	Saatchi & Saatchi	1,000	344	-1
BAA	1,800	268		Dixons	658	139½	-1½	Lonrho	955	358	-2	Sainsbury	3,225	204	-3
BAT	1,000	481	-1	Eng. China Clays	2,080	464		Lucas	1,100	535	-8	Scott & Newcastle	1,100	399	-1
BET	1,800	228	-1	Enterprise Oil	1,400	502	-8	MB Group	1,800	271		Sears	2,700	110	-3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	1,500	236	-2	GUS A	166	975	+3	P & O	[illegible]	[illegible]	[illegible]	Tarmac	[illegible]	[illegible]	[illegible]
British Airways	3,100	161	+1	GRE	4,600	183		Pilkington	8,100	222	+7	Tate & Lyle	204	846	+5
Brit. Aerospace	2,300	485	+3	GKN	2,300	312	+1½	Plessey	22,974	225½	-½	Tesco	2,700	134	-1
Brit & Comm.	3,100	206	+2	Guinness	12,900	330	-4	Polly Peck	284	274		Thorn EMI	541	651	+3
British Gas	3,600	159	+½	Hammerson 'A'	1,198	889	+5	Prudential	2,200	154½	+½	Trafalgar House	1,500	291	
British Land	218	329	-2	Hanson	7,100	158½	-2½	Racal	1,900	291		Trusthouse Forte	1,400	254	
BP	4,200	254	+1	Harrisons & Cros.	171	662	+1	Rank Org.	251	721		Ultramar	2,000	293	+5
British Steel	10,000	63½	+½	Hawker Siddeley	2,810	564	+1	RMC	87	517	+5	Unilever	1,700	468	
British Telecom	5,500	267	+4	Hillsdown Hldgs	4,700	241	-10	RHM	1,300	361	+2	United Biscuits	3,100	316	-8
Burmah Oil	74	497	-1	[illegible]	1,600	195	+5	Reckitt & Colman	42	928		Utd. Newspapers	1,700	379	+4
Burton	1,100	173		Imp. Chem.	3,650	1069	-4	Redland	512	432½	+3½	Wellcome	499	431	+5
Cable & Wireless	2,800	367		Inchcape	922	204½		Reed International	267	374	+1	Whitbread "A"	276	384	
Cadbury Schweppes	1,300	336	-6	Jaguar	243	271	-4	Reuters "B"	2,600	551	+8	Williams Hldgs	1,700	239	+6
Coats Viyella	2,200	146	-1½	Ladbroke	1,200	429	+1	RTZ	2,700	445	-5	Wimpey	5,700	287½	+9½
								Rolls Royce	1,200	139	-1	Woolworth Hldgs	906	248	

Late rush to buy Plessey

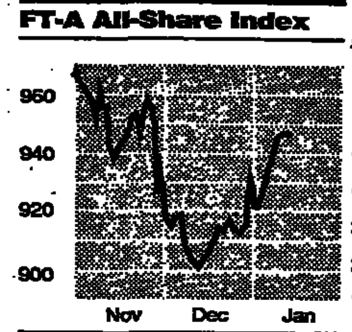
The GEC/Plessey battle erupted again late yesterday when the GEC/Siemens partnership was thought to have moved back into the market to buy more shares in Plessey, via GEC's joint broker BZW. Turnover in Plessey, by the standards of the past week or so a rather sedate 3.5m in mid-afternoon, suddenly expanded and was finally 23m. It was thought that the joint bidders for Plessey had acquired perhaps as many as seven million more Plessey shares, thereby increasing their holding to around 2 per cent. Plessey shares closed a net ½ off at 225½p.

Dealers said the buying activity took place at 225p a share, the level of the GEC/Siemens bid. It came after Plessey shares had dipped to around 224p amid market speculation that the GEC/Siemens bid was about to be referred to the Monopolies Commission.

GEC shares were given a severe buffeting all day, and retreated to close 7 down at 212½p after it was revealed in some media reports that STC, widely tipped as one of the possible participants in the consortium being assembled by Lazards, the merchant bank, was unlikely to. Turnover in GEC settled at 13m.

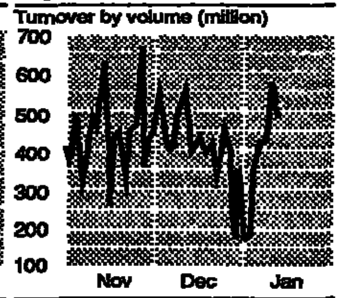
But STC shares were heavily bought after the reports and ended the session a net 6 higher at 268p with almost 3m shares traded.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Dramatic finish

In a dramatic finale Peel Holdings snatched control of London Shop from under the noses of an unnamed white knight and a possible rival bidder Land & Property Trust. During a hectic day's trading, a massive 25m London Shop shares changed hands as Peel successfully persuaded shareholders to sell out at 340p, leaving it with 56 per cent of its prey.

The timetable of events went as follows: just after 11pm Land & Property Trust announced it would not launch a rival bid; Peel immediately went into the market for London Shop shares at 340p; at 12pm London Shop revealed it was in bid talks with a friendly third party; at 2pm Peel said it had won control of its target; and just before 5pm London Shop announced the termination of third party talks and accepted defeat.

The end result was that Peel had paid £308m for a company it has been hunting since last November when it first took a stake in London Shop. The seal will be put on the deal when Peel's purchases have been verified by the receiving agent. At the close, London Shop were down 1½ at 339p and Peel 7 easier at 287p. The identity of the mystery third party was not immediately revealed.

Norton conjecture

Norton Opax moved into the spotlight as the market speculated on the reasons for the sale of the 25.6 per cent shareholding held by Maxwell Communication Corporation (MCC). The latter claimed it was part of the group's disposal programme, but persistent support of Norton Opax shares yesterday suggested there could be other motives.

MCC plans a tender offer for the stake, which comprises ordinary and convertible shares, at a minimum price for the ordinary of 195p. The shares, 157p at the opening yesterday, quickly left that level behind as traders and investors reached their own conclusions. At the close, Norton Opax shares were 15 higher at 172p and those of MCC 2 firmer at 194p.

Ms Angela Bawtree, sector researcher at Warburg Securities, said this is a confusing situation and several possibilities arise. This could be a repeat of the Exchange Telegraph deal, which led to a takeover by United Newspapers, and that if a buyer were to emerge, there would inevitably be speculation of the purchaser making a full offer. MCC is unlikely to bid in the event of an unsuccessful auction, but its high valuation of Norton Opax should ensure further interest and upward momentum in the shares, which after all could be the desired objective.

Assorted speculation

The Foods sector once again provided the market with a bid story as shares in Bassett Foods, the confectionary group famous for its liquorice allsorts and dolly mixtures sweets, soared on the news that the company had received a bid approach.

Several companies were immediately mentioned by dealers as possible predators. Hillsdown was regarded by the market as a good bet, said one analyst, because Bassetts would fit nicely alongside last year's acquisition, Jamesons Chocolates. Other names in the frame included Swiss giants Suchard and Nestlé, and, less predictably, Thorntons, the UK chocolate manufacturer. At the close Bassett was 101p higher at 400p and Thorntons 4 firmer at 138p.

Analysts' deliberations on the British Petroleum share deal with the Kuwait Investment Office (KIO) began to influence investors yesterday. A brisk business was transacted in both classes of stock with the old improving to 254p and the partly-paid moving 1½ higher to 151½p, amid respective turnovers of 4.2m and 6.4m shares.

Greene King stood out in the Brewing sector, closing 19 ahead at 468p. A dealer said that there was talk of a property revaluation by Greene King which would put a value of 800p on its shares. There was also a feeling in the market that if Elders failed to win Scottish and Newcastle it could turn to Greene King.

Stories from Paris of possible resignations from the board of Luis Vuitton Moet Hennessy of Mr Alain Chevalier, an ally of Guinness, was bad news for the drinks group said one analyst. It suggested, he said, that Guinness were losing control of their joint stake in LMVH which it holds with Financière Agache the French holding company and might find itself locked into a takeover. He said that would encourage Guinness shares to drift, a trend which would be strengthened because the company would soon enter the "close season" for buying back its shares. Yesterday Guinness fell 4 to 330p on volume of 12m of which at least 4m was said to have been bought by the company.

Kunick, the USM-quoted group, climbed 4 to 48½p following favourable comment on its annual figures released on Tuesday.

Stores were busily traded on news of downgradings and profits announcements. Body Shop led the way with better-than-expected interim profits of £9.3m. The shares initially gained 16 points, but as the market realised that the figures were only up to last September, and therefore did not include the impact of higher interest rates or the affect of competition from Boots' new range of health products, the price eased back to close at 512p, a net gain of just 3 pence.

Another niche retailer, Sock Shop, disappointed with a 43.5 per cent jump in half yearly profits to £2.6m, and the shares fell 8 to 160p. Next slipped 2 to 133p as the company hosted a presentation in Leicestershire for City analysts. Mr Paul Smiddy of Kleinwort Benson said after meeting with Next that although he was keeping his forecast for 1988/9 profits at £70m, "the downside remained far greater than the upside."

Smith & Nephew made early gains following a press report which predicted a dawn raid yesterday by Ciba Geigy, the Swiss pharmaceuticals group. When this failed to materialise the price fell to close down 3½ at 122½p on volume of 11m shares. A marketmaker said that some investors who had bought stock following a recent broker's buy recommendation took their profits.

Beechams advanced 7 to 486p on volume of 1.9m, helped by abuy recommendation from Hoare Govett. Dealers also said that demand had been encouraged by activity in the traded options market. Glaxo, however, reacted 21 to 1081p on profit taking.

A renewed flurry of speculation centred on George Wimpey dragged the whole of the Building sector higher. Even stocks not regarded as bid candidates benefited. Wimpey rose 9½ to 287½p on tales that the Grove Trust was going to sell part of its 35 per cent holding, a move which would put the company into play.

Anglia Securities, a builder of protected housing for the elderly, climbed 10 to 395p on bid hopes, while Cakebread Robey rose 12 to 162p on news that Firoka, a private company, had acquired an option over 29.8 per cent of its voting shares. Johnstone's Paints advanced 14 to 220p after a £24.15m recommended bid by Elf Aquitaine, the French government-controlled oil company.

British Telecom were one of the best performing stocks in the electronics/telecoms sectors with buyers said to be chasing the shares after a well-received presentation to analysts and institutions in the City of London.

The presentation was hosted by BT itself. Hoare Govett, the securities house retains its positive position on the stock and is forecasting a rise in the share price to 300p.

In a bigger-than-usual turnover of 5.6m shares, Telecom gradually improved to end the session 4 higher at 267p.

The Foods sector came under heavy selling pressure as speculation swept the market that a television programme to be screened tonight will reveal details that a poisonous bacteria may have infected meat products and some pre-packaged foods in a number of supermarkets. One broking house, after talking with Thames TV, said that the series "This Week" had conducted a survey of some supermarket groups and had claimed to have founds traces of the damaging bacteria.

Among those stocks marketmakers reported as unsettled by news of the programme were Hillsdown, down 10 at 241p, Northern Foods, 9 easier at 287p on turnover of 4m shares, Argyll, 4 weaker at 164p, Sainsbury, 3 lower at 204p, and Dalgety, down 3 at 312p.

Southern Business Group, the photocopier and vending machine contractor, leapt 20 to 357p after reporting profits of £6.8m, well above City expectations of £6.2m.

The appointment of Dr Alan Watkins as chief executive-elect of Hawker Siddeley when Mr Bernard Bensly retires later this year was deemed good news. Dr Watkins is the moving force behind Lucas Industries' aerospace operations, and is largely responsible for the group's success in the US, according to Mr Robert Speed of Phillips & Drew. "Clearly this a blow for Lucas but they still have a strong team there." Hawker shares consolidated the recent gain at 564p, but those of Lucas fell to 530p before rallying to 535p, down 8 on the session.

ERF, the commercial vehicle manufacturer, dipped 21 to 395p following the call for fresh funds of £6.1m through a rights issue. An accompanying confident statement on prospects coupled with a final dividend forecast failed to impress.

WPP, the advertising agency, reacted 7 to 572p on fears that the group may be contemplating further overseas expansion through the acquisition of the Ogilvy Group. The latter has responded strongly to takeover speculation this week in over-the-counter trading on Wall Street.

International City Holdings edged down to 64p before rebounding sharply to close 7 dearer on the day at 74p. A specialist trader dismissed the move, saying the demand represented little more than marketmakers "chasing their tails". Cl-Alexanders Laing & Cruickshank yesterday reiterated its view that the shares were overvalued on fundamental criteria, although there may be an element of takeover speculation in the price.

Traded Options enjoyed an average day, as a total of 34,783 contracts, of which 25,526 were calls and 9,257 puts, changed hands.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 28

NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (58). AMERICANS (4), BANKS (3) Fuji Bank, Mitsubishi Bank, Sanwa Bank, BREWERS (1) Marston Thompson, BUILDINGS (5) Cakebread Robey 'A', Gibbs & Dandy, Johnstones Paints, Newarthill, Watts Blake, CHEMICALS (1) Perstorp 'B', ELECTRICALS (6) ASEA AB 'B', British Telecom, Cont'l. Microwave, Mervin-Swain, Philips Lp., Polytechnic Elect., ENGINEERING (2) Camford Eng., Tyzack (W.A.), FOODS (3) BSN, Bassett Foods, Thorntons, INDUSTRIALS (6) Embert, Jardine Hdg., Jardine Strategic, Sothebys Class 'A', Toothill (R.W.), Tams (J.), INSURANCE (1) Amer. Int'l. Grp., LEISURE (4) Castle Comms., Henlmex, Kunick, Sunset & Vine, MOTORS (1) Volvo, PAPERS (1) Ogilvy, PROPERTY (2) London Shop 9pc Cv. '94-'99, Randsworth Tst., TRUSTS (15), OVERSEAS TRADERS (1) REA Hldgs., PLANTATIONS (2), MINES (1) Young Grp.

NEW LOWS (32). CANADIANS (1), BANKS (1) Union Discount, BUILDINGS (2) Carron Phoenix, Harrison Inds., STORES (3) Gabicci, Relect Shop, Sock Shop Int'l., ELECTRICALS (1) UCL, FOODS (1) Iceland Frozen, INDUSTRIALS (4) Aukett Associates, Hodgson, Kitty Little, Security Archives, LEISURE (2) Hi-Tec Sports, TVS Ent. 7.4pc Pf., PAPERS (3) Fitch-RS, Do. 8p Cv 2007, Kelson, SPS Consult., Seril Cowells, PROPERTY (3) BDA, Rockfort, TEXTILES (1) Haggas (J.), TRUSTS (2), MINES (8), THIRD MARKET (1).

APPOINTMENTS

New chief executive for Hawker Siddeley

Mr Graham M. Wallace has been appointed finance director of the GRANADA GROUP. He was director of corporate finance.

HAWKER SIDDELEY, the UK engineering company, has appointed as its new chief executive and managing director Mr Alan Watkins, who is currently managing director of the aerospace division of Lucas Aerospace, another engineering group, *writes Peter Marsh and Richard Tomkins.*

Mr Watkins, 50, is joining the board of Hawker Siddeley in May. He will take over the top job at the company in June on the retirement of Mr Bob Bensly, the current chief executive, who is retiring at the age of 65.

Mr Watkins joined Lucas in 1963 as a research metallurgist and has had a series of jobs in different divisions of the company.

His knowledge of the aerospace market is likely to prove valuable to Hawker Siddeley which is involved in this industry as part of its general thrust in selling a range of equipment in the engineering, instrumentation and controls sectors.

Mr Watkins's move will leave a gap at the top of Lucas. He has headed the aerospace division since 1982 and presided over a doubling of its sales from £271m to £531m in 1988, largely through a bold series of moves into the North American market.

Lucas nevertheless viewed the loss philosophically yesterday. "It's always a shame to lose good people, but the fact that Alan Watkins was chosen is a tribute to the outside world's view of the quality of Lucas's management," the company said.

Mr Peter Leslie (above) who has been appointed chairman of the COMMONWEALTH DEVELOPMENT CORPORATION for three years from July 1 in succession to Lord Kindersley. Mr Leslie is deputy chairman of Barclays Bank, chairman of the Export Guarantees Advisory Council and chairman of the Overseas Development Institute.

■ Mr Edwin Swatman, previously sales director of Subaru (UK) and Isuzu (UK), both in the I.M. GROUP, has been appointed managing director of both companies.

■ Mr Leslie Gunde has been appointed head of business information at GKN, to provide economic and market intelligence to the main board. He was senior economist, Europe and international policy division, CBI.

■ Mr Chris Morley has joined AGB PROLOG (formerly Mander Walsh) as merchandise director. He was with KB Import and Export.

Renault UK managing director

■ RENAULT UK's financial director, Mr Christian Esteve, is to succeed Mr Loic Caperan as managing director. Mr Caperan is returning to Paris to become commercial director of Renault France, succeeding Mr Guy Bergaud who has been promoted to marketing director. Mr Esteve joined Renault in 1984 when he co-ordinated financing requirements for subsidiary companies in Europe and negotiated with Renault's principal bankers. In 1987 he became involved with the financial management of AMC and when Renault sold its holdings in that company he acted as financial adviser during negotiations with Chrysler.

■ Mr David Port has been appointed chief executive of BRITISH FUELS, Harrogate. He was finance director.

■ Mr Peter Walker has been appointed chief engineer for the PORT OF FELIXSTOWE, a P&O Group company.

■ IRON TRADES INSURANCE GROUP has appointed Mr Robin Tebbs as reinsurance manager.

BUSINESS LAW

Procedure for greater civil justice

By A.H. Hermann, Legal Correspondent

The Lord Chancellor wants to have a Government decision on legislation necessary for a reform of civil procedure before the summer recess of Parliament. Even if his proposals are published in early spring, there will be not much time left for comment and discussion. It would be a pity if the actual and potential users of legal services were caught speechless.

For this reason, it might be useful for the business community not to wait until the paper, whether green or white, is out, but to give some thought to the main issues now.

One of the issues on the Lord Chancellor's agenda is the revamping of pre-trial procedure. As 90 to 95 per cent of all disputes brought to court are settled without a trial, the rules of the pre-trial procedure are of the greatest possible importance. These determine to a large extent not only the cost and time necessary for resolving disputes, but also have certain characteristics more or less favouring a fair solution.

At present, judges or masters of the High Court play only a very minor part in the pre-trial procedure. It is left to the parties – that is, as a rule, to their solicitors – to determine the pace and the information made available to the other side. The result is that mental and financial stamina, rather than the legal merits of the case, mostly decide the outcome. Any reform should aim not only at greater efficiency but also at a greater fairness in the pre-trial procedure.

The recommendation contained in the consultative document of the Review of Civil Justice, initiated by Lord Hailsham when he was Lord Chancellor, and the pronouncements of Lord Mackay, the present holder of that office, indicate a tendency towards a "cards on the table" pre-trial procedure. Parties should be given the right to demand from their opponents not only documents relating to the dispute but also a list of witnesses to be called and a summary of the expected testimony.

Lord Mackay seems to be more ready than his predecessors to consider various forms of contingent fees – as used in Scotland, where there are no rules preventing lawyers from accepting cases "on speculation" and foregoing all fees in case of defeat. This would serve to identify more closely the interest of the lawyer with that of his "one-off" client – of great importance in the pre-trial procedure taking place in solicitors' offices and without any judicial supervision over substantive matters.

Finally, there should be closer judicial supervision of the timetable.

Some observers are quick to point out that such reforms would bring the UK procedure closer to the US system at a time when US opinion seems to be moving in favour of a more "English" system. Managements as well as some US lawyers are getting impatient with the excesses of US discovery and the costs, delays and demands on managerial time that go with it, often hitting third parties not involved in the litigation.

The US rules admit the discovery of evidence "relevant to the subject matter" – a much wider notion than issues in dispute – or "reasonably calculated to lead to discovery of admissible evidence". This means that while in the UK one has to show a cause of action before demanding documents from the other party, in the US, litigation can be started by demanding from the other party evidence likely to lead to a cause of action – a procedure known as a "fishing expedition".

It seems to be true that development in the UK and in the US move in opposite directions and closer together but at the present pace they are not likely to meet within the near future. Nor is there any great enthusiasm on either side that this should happen within present lawyers' lifetimes.

In an excellent study comparing the UK and US method of pre-trial "discovery", Mr Jeremy G. Epstein* concludes that "the US still has the best, and most elaborate, system of civil litigation that money can buy, and litigants seem happy to continue to pay for it . . . The English pay less, expect less, and get less. They do not buy litigation as an instrument of social change, but they also buy far less aggravation."

There is of course a fundamental difference between the UK and the US system. Without a written Constitution and an entrenched Bill of Rights, UK courts cannot overrule acts of Parliament as unconstitutional, though they have greater freedom in the field of common law. As the strata of society concerned with law expands and regulations proliferate, it is almost unavoidable that courts will be more frequently asked to decide social issues so far considered to be a preserve of Parliament or Government. One sign of this is the fast development of administrative law – judicial review of decisions by central or local government or other public bodies. Another is the mounting call for the entrenchment of the European Convention on Human Rights.

Will the reform of pre-trial procedure as foreshadowed by the Civil Justice Review, make access to courts easier? One would hope that it will not be made as easy as the open door to litigation now offered in the US to anyone who wants to litigate even if he does not know exactly what about.

UK managements, which are used to leaving litigation to lawyers and continuing business as usual, would be unpleasantly surprised if, suddenly, they were required as individuals or members of the board to make numerous depositions and to face a continuous demand for documents and threat of interlocutory actions concerning refusals of discovery.

Compared with their overseas colleagues, UK lawyers play a slow and relatively less expensive game of poker in the pre-trial period, keeping their cards close to their chests and giving the other party plenty of time to fear the worst and to consider the enormous expense of trial. By contrast, US lawyers demand documents by the lorry-load and make the pre-trial procedure much more expensive than the trial itself. Both are convinced that their method is the best way to settle the dispute. In fact, the rate of settlement of disputes before they reach trial, seems to be the same in both jurisdictions – 90–95 per cent.

One could say perhaps, that while the Americans pay more in terms of money for this result, the British pay the cost in terms of justice.

The British system of civil justice restricts access to courts, excluding the large and important section of population with middle income. The high cost of the trial compared with the costs of the pre-trial procedure, and the risk of having to pay the costs of the defendant – only exceptional in the US – makes the plaintiff of limited means facing a financially strong company hesitate to let it come to trial where the merits of his case could be considered by an impartial judge.

A modest expansion of discovery, combined with greater emphasis on written procedure, would help a little, but would not remove this structural imbalance. There is no reason to fear that it would lead to the degree of litigiousness cherished by the 600,000 US lawyers.

If the Government adopts some of the proposals already outlined in the review, it would bring more light into the pre-trial procedure and, to that extent, replace the pre-trial game of poker by the rule of law. Some branches of the High Court, including the Commercial Court, already practice greater disclosure in the pre-trial period.

The reform as now proposed would not go so far as to authorise "fishing expeditions" and parties which are now obliged to exchange documents relating to the dispute could, in the future, ask for more only with the authorisation of the Court.

The proposals of the review aim at strengthening the hand of the judge or the High Court master in procedural matters but EC pressures may sooner or later require an advance of the function of the UK judge to that performed by the judge in civil law jurisdictions where he can ask for evidence and call witnesses, and use his own knowledge of the law without being limited to propositions of law submitted by the parties.

As US lawyers tend to ignore Community law – and UK managements are slow to take up the enforcement of EC rules of competition in UK courts – one can expect demands that UK judges should take the enforcement of Community law in hand.

And,of course, it would be a great thing if, as elsewhere, UK judges saw it as their principal duty to lead the parties to a fair settlement.

* *Jeremy G. Epstein, English Discovery: Simpler and Cheaper, The National Law Journal, Nov 28 1988, pp.17-19.*

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	44.17	44.65	47.49	-0.2	5.77
Gilts & Fixed Int	6	111.3	111.3xd	118.2	.....	8.46
High Inc Equity	6	115.2	117.5xd	125.6	-0.1	4.74
Worldwide Bond	6	187.8	187.8	199.1	-0.2	4.87
Capital Growth						
American Growth	6	148.4	149.5xd	159.8	-0.7	1.46
Asian Pacific	6	71.11	72.25xd	77.27	+0.22	1.20
Assets & Earnings	6	136.1	140.1	149.0	-0.1	1.66
Capital Reserve Acc	0	81.28	81.28	81.43	+0.04	4.91
Comdty & Energy	6	89.63	89.63	95.87	+0.3	1.26
1992 Enterprise	6	46.71	47.64	50.68	+0.06	3.55
European Capital	6	74.79	75.24	80.04	-0.41	0.94
General	6	151.0	153.7	163.5	.....	2.75
Japan	6	101.7	103.4	109.9	+0.1	0.00
Mastertrust	6	73.39	73.39	78.50	-0.06	1.75
UK Growth Acc	6	169.8	177.7	189.0	+0.6	1.41
UK Growth Dist	6	114.0	119.2	126.8	-0.3	2.10
US Emerging Cos	6	44.17	44.17	47.25	-0.11	0.00
Income & Growth	6	254.7	260.8	277.4	+0.1	3.42
Ethical	6	41.64	42.66	45.38	+0.1	2.75
Abtrust Management Ltd (1000)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0224 633070						
American	5¼	40.69	40.69xd	43.29	+0.06	2.05
Australian	5¼	23.00	23.00	24.47	-0.06	1.33
European	5¼	49.57	49.57	52.73	-0.79	0.00
Extra Income	5	37.80	37.80xd	40.12	+0.12	4.97
Fund Inv Tst	5	103.1	103.1	109.6	+0.18	2.42
Do Accum	5	157.1	157.1	167.0	+0.00	2.42
Gilt & Fixed Int	5¼	21.75	21.75	23.14	-0.11	10.27
Global Income	5¼	35.56	35.56	37.83	-0.01	5.07
Income & Growth	5¼	63.26	63.20xd	67.30	+0.02	4.48
Japan	5¼	176.3	176.3	187.6	-0.20	0.01
Nth Amer Inc (z)	5	25.41	25.41	26.97	-0.03	4.02
Special Situations	5¼	61.82	61.82	65.77	+0.03	1.30
UK Growth	5	31.40	31.40	33.33	+0.05	2.90
World Grth	5	41.51	41.51	44.06	—	0.51
Formerly Sentinel Funds Management Ltd						

[illegible]

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Prolific Unit Tst Mngrs Ltd (1000)H						
222 Bishopsgate, London EC2 01-247 7544/7						
American Income	5	52.03	52.51	55.93	-0.31	4.14
Conv & Gilt	5	115.7	116.1	124.0	-0.3	6.28
Euro Grwth & Inc	5	42.38	42.38	45.27	-0.37	2.53
Extra Income	5	118.1	118.9xd	126.5	+0.1	4.90
Far East	5	239.2	242.0	257.2	+1.6	0.01
High Income	5	79.57	80.12	85.15	+0.48	4.55
International	5	122.3	122.3	130.2	+0.4	1.11
Nth American	5	112.2	115.4	123.0	-0.4	0.01
Pref & Fxd Int	5	46.49	47.21xd	50.12	+0.01	8.40
Special Sits	5	89.35	89.55xd	95.45	+0.22	0.95
Technology	5	110.5	111.7xd	119.1	-0.4	0.90

[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set, unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init. Charge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
United Charities Unit Trusts (1000)H						
Unicorn Hse, 252 Romford Rd, EC. 01-534 5544						
United Charities	5	171.1	172.4xd	183.9	+0.3	4.94
Vanguard Trust Mngrs Ltd (1200)F						
Admin, 5 Rayleigh Road, Hutton, Brentwood, Essex Enquiries 01-236 3053 Dealing 0277 261010						
American & Gen	5	59.81	60.59	64.24	-0.50	1.78
(Accum Units)	5	61.93	62.42	66.40	-0.52	1.78
European Inc	5	44.19	44.48	47.32	-0.13	1.43
(Accum Units)	5	44.75	45.04	47.92	-0.13	1.43
Far East & Gen	5	61.32	61.61	65.54	-0.31	0.00
(Accum Units)	5	61.32	61.61	65.54	-0.31	0.00
Glenfriars	5	220.2	225.3	239.7	-0.5	1.94
(Accum Units)	5	227.4	232.7	247.5	-0.5	1.94
Growth	5	219.9	219.9	233.9	-0.7	3.05
(Accum Units)	5	335.0	335.0	356.4	-0.9	3.05
High Yield	5	278.5	279.1	296.9	+0.2	4.10
(Accum Units)	5	305.4	306.3	325.8	+0.2	4.10
Master Portfolio	1½	6962	6962	7141	-48	2.97
(Accum Units)	1½	7289	7289	7476	-51	2.97
Special Sits	5	54.41	54.41xd	57.88	+0.10	2.65
(Accum Units)	5	57.22	57.22xd	60.87	+0.11	2.65
Trustee	5	161.5	161.5xd	171.8	+0.08	3.98
(Accum Units)	5	270.3	270.3xd	287.6	+0.21	3.98
Wardley Unit Tst Mngrs Ltd (0900)H						
99, Bishopsgate, London, EC2P 2LA. 01-374 0861						
American ♦	5¼	56.24	56.34	60.04	-0.33	1.8
Intl Growth	5¼	68.57	68.57	73.12	-0.20	0.4
Income ♦	5¼	114.7	116.7	124.9	+0.78	5.5
Japan Growth	5¼	204.5	207.4	221.9	-0.80	0.1
Pacific Perf	5¼	125.2	125.2	133.9	-0.50	0.6
Small Co's ♦	5¼	135.8	135.8	145.2	—	1.4
Technology	5¼	29.29	29.29	31.32	+0.01	0.1
Australia	5¼	60.12	60.12xd	64.29	+0.08	1.7
UK Trust ♦	5¼	159.9	159.9xd	171.0	-0.10	2.8
European Growth ♦	5¼	51.97	52.50	56.15	+0.21	0.1
Hong Kong ♦	5¼	32.52	32.86	35.13	+0.29	1.6
Intl Income	5¼	19.33	19.33xd	20.67	+0.07	8.0
S Jpn & Mlyn Gth	5¼	23.39	23.39	25.01	+0.05	0.5
British Wheels ♦	5¼	24.72	24.72	26.43	+0.01	2.8
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	5	16.98	16.90	17.97	+0.07	0.00
Pacific Basin	5	24.30	24.46	26.02	+0.15	0.60
Can Balanced Grth ♦	5	44.01	44.01	46.81	-0.32	0.10
Gibraltar Mine ♦	4	0.9078	0.9578	0.9768	[illegible]	2.41
Penny Share	5¼	26.39	26.39	28.07	+0.01	0.30
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	110.2	111.5	118.7	+0.2	5.00

	Bid Price	Offer Price	+ or −	Yield Gross
AEtna Life Insurance Co Ltd—Contd.				
1982 Series				
Managed	260.2	274.5	+0.9	—
Bread	134.0	141.1	+0.5	—
Pre 1982 Series				
Aetna Life				
3 Way	584.40	584.40	-2.6	—
Equity Pensions	930.00	930.00	-11.1	—
Aetna Pensions Ltd				
3-Way Managed	567.98	567.98	+1.66	—
Exempt Approved				
Mixed Managed	186.21	190.02	-0.32	—
Gilt Edged		13.32	-0.01	—
Albany Life Assurance Co Ltd				
3 Darkes Lane, Potters Bar EN6 1AJ 0707 42311				
Life Funds				
Brit Blue Chip Fd Acc(z)	116.0	122.0	+0.2	—
Equity Fd Acc(z)	908.8	956.6	-0.6	—
European Fd Acc(z)	204.7	215.4	-0.9	—
Intl Fxd Int Fd Acc(z)	198.6	209.0	-0.4	—
Fixed Int Acc(z)	335.4	353.0	-0.1	—
Gtd Money Fd Acc(z)	227.2	239.1	+0.1	—
High Income Fd Acc(z)	104.2	109.6	-0.3	—
Intl Man Fd Acc(z)	367.1	386.4	-0.1	—
Japan Fd(z)	297.5	313.1	+0.7	—
UK Smllr Co's Fd Acc(z)	102.3	107.6	+0.2	—
Global Metro	97.0	102.0	-0.1	—
UK Metro	97.8	102.9	----	—
Nth American Fd Acc(z)	162.8	171.3	-0.5	—
Pac Basin Fd Acc(z)	132.3	139.2	+0.1	—
Prop Fd Acc(z)	310.4	326.7	----	—
Multiple Inv Acc(z)	630.6	663.7	-0.3	—
Pension Funds				
Brit Blue Chip Acc(z)	122.4	128.8	+0.3	—
Eq Pen Fd Acc(z)	1700.9	1790.4	-1.4	—
Euro Fd Acc(z)	253.7	266.9	-1.5	—
Fixed Int. Acc (z)	676.2	711.8	-0.1	—
Gt Money Pn Acc(z)	401.3	422.3	+0.1	—
High Interest	134.2	141.2	----	—
High Income Fd Acc(z)	107.3	112.9	-0.3	—
Intl Man Fd(z)	538.6	566.9	-0.2	—
Jap Pen Fd Acc(z)	423.3	445.5	+1.5	—
UK Smllr Co's Fd Acc(z)	104.1	109.6	+0.2	—
Global Metro	98.2	103.3	-0.1	—
UK Metro	99.3	104.5	-0.1	—
N Am Pn Fd Acc(z)	190.3	200.2	-0.8	—
Pac Basin Fd Acc(z)	148.2	156.0	+0.3	—
Property(z)	330.8	348.2	+0.1	—
Multiple Inv Pens Acc(z)	1228.8	1293.4	-0.8	—
Bonus Funds				
Prof. Pen. Fd	87.0	91.5	----	—
YRA Strategy	110.7	116.5	----	—

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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National Provident Institution
48 Gracechurch St, London EC3P 3HH

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	295.7	311.3	-0.4	-
UK Equity	366.9	386.3	-0.1	-
Overseas Eq.	274.2	288.7	-1.9	-
American	209.4	220.5	-0.5	-
Far East	351.4	369.9	-0.3	-
Property	199.1	209.6	-	-
Fixed Int.	218.0	229.5	-0.1	-
Indexed Gilt	128.4	135.2	-0.2	-
Deposit	145.3	153.0	-	-
Pension Fund (Accum Units)				
Managed	383.5	403.7	-0.6	-
UK Equity	429.5	452.2	-0.2	-
Overseas Eq.	441.7	465.0	-2.3	-
American	280.0	294.8	-1.8	-
Far East	596.8	628.3	-2.2	-
Property	237.4	249.9	-	-
Fixed Int.	251.6	264.9	-0.2	-
Indexed Gilt	139.1	146.5	-0.1	-
Deposit	185.2	195.0	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	892.9	908.9	-	-

Prices January 3 Next dealing February 1

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	55.1	58.0	-0.1	-
Stock Market Mngd Fund	52.9	55.7	-0.1	-
Equity Fund	55.5	58.4	-0.1	-
International Fund	51.2	53.9	-0.3	-
European Fund	52.1	54.9	-0.2	-
North American Fund	45.3	47.6	-0.3	-
Pacific Fund	64.0	67.4	-0.1	-
Property Fund	70.1	73.7	-	-
Fixed Interest Fund	52.2	55.0	-	-
Index Linked Sec Fund	53.3	56.1	-0.1	-
Deposit Fund	58.4	58.4	-	-
NUAM Retirement Plans				
Mixed Fund	59.3	62.4	+0.1	-
UK Ordinary Share Fd	64.9	68.3	+0.3	-
International Fund	53.5	56.4	+0.2	-
Property Fund	69.1	72.8	-	-
Fixed Interest Fund	57.4	60.4	+0.1	-
Index Linked Sec Fund	55.0	57.9	+0.1	-
Deposit Fund	60.1	63.2	-	-
NUAM (NF)				
Managed Fund	769.0	809.5	-1.6	-
Equity Fund	1499.1	1578.0	-2.5	-

Providence Capital Life Assc. Co Ltd
30 Uxbridge Rd, London W12 8PG 01-749 9111

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	184.0	194.1	+0.6	-
UK Fixed Int Acc.	142.7	150.6	+0.6	-
Intl Equities Acc.	138.9	146.6	+1.1	-
UK Managed Acc.	145.9	153.9	+0.6	-
Property Acc.	224.2	236.6	+0.2	-
Money Acc.	103.5	109.2	+0.1	-
Special Market Acc.	109.3	115.3	+0.5	-
Japan Equity Acc.	144.1	152.1	-0.7	-
North American Acc.	89.6	94.6	-0.1	-
Pacific Acc.	79.6	84.0	+0.9	-
Technology Acc.	109.0	115.0	-	-
Nat Resources Acc.	61.5	64.9	+0.3	-
European Acc.	81.5	86.0	-0.1	-
Residential Prop Acc.	116.5	122.9	+0.2	-
Swiss Equities Acc.	31.0	32.8	-0.6	-
Hong Kong Acc.	49.8	52.6	+0.5	-
UK High Inc Eq Acc.	60.2	63.6	+0.3	-
Int Fixed Interest Acc.	49.5	52.3	-	-
Int Managed Acc.	48.1	50.7	+0.1	-
HIP Managed Acc.	103.1	108.7	+0.2	-
Total Investment Bond				
UK Equity Initial		128.3	+0.4	-
UK Fixed Int Initial		99.8	+0.4	-
Intl Equities Initial		96.4	+0.8	-
UK Managed Initial		102.0	+0.4	-
Property Initial		157.8	+0.1	-
Money Initial		72.7	-	-
Special Market Initial		87.1	+0.4	-
Japan Equity Initial		114.8	-0.6	-
North American Initial		71.4	-0.1	-
Pacific Initial		63.4	+0.7	-
Technology Initial		86.8	-	-
Nat Resources Initial		49.0	+0.2	-
European Initial		74.9	-0.2	-
Residential Prop Init.		114.2	+0.2	-
Swiss Equities Initial		30.4	-0.5	-
Hong Kong Initial		48.9	+0.5	-
UK High Inc Eq Init.		59.0	+0.3	-
Int Fixed Interest Init.		49.2	-	-
Int Managed Init.		47.9	+0.1	-
HIP Managed Init.		102.8	+0.2	-
Broker Fund				
Towerhill Mngd Fd Acc.	43.7	46.0	+0.2	-
High Performance	61.0	64.3	+0.3	-
YRA Executive Fd	78.1	82.3	+0.1	-
Investment Master		34.2	-	-
H.F. Speculator Fd		113.7	-0.2	-
£ High Inc Money Fd		104.4	-	-
£ Global Growth Fd		109.2	-	-
PEP Accum II		102.3	+0.5	-
AAFS Int Man Fund		100.0	-0.1	-

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY AUTHORISED

IoM AUTHORISED

JERSEY AUTHORISED

BERMUDA AUTHORISED

OFFSHORE INSURANCES

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	......	11.59	12.76
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	......	9.58	12.46
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	3.07	10.28
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	......	10.59	12.55
102	[illegible]	Exch. 10pc 1989	[illegible]	......	10.12	12.45
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	......	11.09	12.17
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	[illegible]	5.21	10.58
[illegible]	[illegible]	Exch 10¼pcCv '89	[illegible]	......	10.31	11.01
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	......	12.83	11.55
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	......	11.09	11.47
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	......	12.37	11.53
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	......	3.28	9.99
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]	......	8.59	11.37
[illegible]	[illegible]	Treas. 8pc Cv 1990 ‡‡	[illegible]	......	8.28	10.48
[illegible]	[illegible]	Treas. 10pcCv 1990	[illegible]	......	10.21	11.27
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	......	2.83	9.54
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.64	11.20
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	......	6.37	10.75
[illegible]	86	Treas. 3pc 1991	[illegible]	......	3.47	9.60
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	......	10.15	10.72
[illegible]	[illegible]	Exch. 11pc 1991	100	[illegible]	11.00	10.97
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.62	10.93
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	12.13	10.74
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.21	10.79
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	8.64	10.74
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.56	10.71

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

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Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

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AMERICANS—Contd

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
154p	44p	♥Unilab	147p	.....	–	–	–
24⅞	17⅝	Utd. Technologies	23¼	–⅛	$1.60	–	3.8
163p	27p	♥Utilitech Inc.	156p	.....	–	–	–
34⅜	26¾	US West‡	32½	–¼	$3.52	–	6.0
24⅞	16⅞	Waste Management $1	25⅜	+⅛	48c	–	1.1
16⅞	12⅝	Whirlpool $1	14½	–⅛	$1.10	–	4.3
20⅝	15¼	Whitman Corp.	19⅞	.....	96c	–	2.8
33⅞	18¼	♥Woolworth $3½	30¼	+½	$1.64	–	3.0

CANADIANS

1988/89 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
309p	138p	♥ABM Gold Corp ‡	146p	+5	–	–	–
32p	5p	♥Abbot Energy Corp.	5p	–2	–	–	–
14¼	882p	♥Amer. Barrick Res.	10½	+⅜	–	–	–
10p	2½p	♥Amer. Lightwave ‡	3p	.....	–	–	–
47p	7½p	♥Armeno	12½p	.....	–	–	–
76p	24p	♥Augmitto Expln.	33½p	+1	–	–	–
14½	10⅝	Bk. Montreal ‡	13¼	–⅛	$2.00	–	6.9
769p	514p	Bk. Nova Scot. ‡	656p	–15	84c	–	5.8
18¾	15¼	BCE ‡	17⅝	–⅛	$2.44	–	6.4
716p	527p	♥Bow Valley‡	644p	–15	♦40c	–	2.8
13⅝	10½	♥Brascan‡	13½	–⅛	88c	–	3.0
328p	177p	♥Breakwater Res.	184p	.....	10c	–	2.5
12⅜	801p	Can.Imp Bank‡	11¼	–⅛	$1.16	–	4.7
11½	841p	Can. Pacific ‡	10⅜	–⅛	76c	–	3.3
41½	38½	Do. 4pc Deb £100	38½	.....	4%	–	10.4
515p	357p	Central Capital "A" ‡	381p	–8	–	–	–
485p	313p	♥Corona Corp.	365p	+5	–	–	–
886p	228p	♥Cons TVX Min.	231p	.....	–	–	–
371p	35p	♥Danbus Mem. Syst.‡	48½p	.....	–	–	–
686p	430p	♥Derlan Inds. ‡	575p	+21	11.75c	–	0.9
14¼	746p	♥Echo Bay Mines	775p	–9	$0.07	–	0.4
839p	249p	♥ECO Corp ‡	534p	+9	–	–	–
40p	11½p	♥Energex Minerals‡	13½p	–1	–	–	–
125p	83p	♥Euro-Asia Capital ‡	99p	.....	–	–	–
386p	196p	♥Galactic Resources	212p	.....	–	–	–
423p	267p	Gandalf Techs. Inc.	310p	–20	–	–	–
125p	41p	♥Geodome Res.	58p	.....	–	–	–
394p	141p	Granges Expln‡	155p	–3	–	–	–
19p	4½p	♥Gt Pacific Res.	16½p	–1	–	–	–
903p	576p	♥Gulf Canada‡	744p	–15	52c	–	3.2
12⅜	816p	♥Hawker Sid Can‡	10¼	–⅛	$1.08	–	4.9
590p	344p	♥Henlys Group	446p	–26	–	–	–
11¼	785p	♥Hudson's Bay ‡	11¼	.....	60c	–	2.3
28	20¼	♥Imperial Oil‡	25½	–½	$1.80	–	3.2
20⅞	10⅛	Inco‡	14½	–¼	US$0.80	–	3.1
718p	462p	♥Inland Nat. Gas $1	604p	–9	60c	–	4.5
250p	100p	♥Madeleine Mines	185p	–3	–	–	–
207p	126p	♥Muscocho Expln.	186p	+2	–	–	–
187p	45p	♥Ntnl Business Syst.‡	47p	–6	–	–	–
245p	91p	♥Nevada Goldfields	181p	.....	–	–	–
12	787p	♥Rio Algom	11⅝	+⅛	$1.30	–	5.1
17¾	11½	Royal Bk. Can. ‡	17⅜	–⅛	$2.20	–	5.8
35⅝	26⅝	Seagram‡	35¼	–¼	US$1.20	–	1.9
361p	74½p	♥Sonora Gold Corp‡	80p	+4	–	–	–
121p	18p	♥Spiral Eng ‡	61p	–5	–	–	–
150p	35p	♥Tam Pure Tech. Corp‡	87p	+7	–	–	–
18⅜	11⅞	Toronto-Dom Bk.‡	16¼	–⅛	$1.12	–	3.2
742p	566p	♥Trans Can Pipe	697p	+6	68c	–	4.4
205p	127p	Varity Corp‡	166p	–1	–	–	–

BANKS, HP & LEASING

1988/89 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*269	124	ANZ SA1	261	–2	Q34½c	♦	6.4	♦
*271	180	Allied Irish	244	+2	F072.9%	3.1	6.3	8.4
£13¼	£10⅞	Algemene Fl.10	£11⅞	–¼	Q27%	1.9	6.4	–
73	58	Anglo Irish	62	.....	Q19.69%	1.2	7.3	17.7
90	64	Ansbacher (H.) 1p	78	.....	2.0	–	3.4	–
£40½	£24⅝	Banco Bilbao Viz.	£39⅞	.....	Q67.2%	3.1	4.1	7.7
£36	£27½	Banco de Santander	£32	.....	Q22%	2.4	1.7	24.8
*272	184	Bank Ireland Ir£1	234	+3	Q5.67%	3.3	5.6	7.3

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

LEISURE—Contd

1988/89 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
32	14	Int'l Media Comm. 5p	14	–1	—	—	—	—
79	49	Julianas Hldgs 2p	72	.....	†2.85	1.4	5.3	15.8
48½	32	Kunick 10p	48½	+4	1.4	◆	3.9	◆
193	122	LWT 5p	157	–1	5.7	2.6	4.8	10.1
448	185	LandLeisure 10p	374	.....	8.0	4.6	2.9	9.9
*116	68	Leisure Inv 10p	91xr	.....	1.75	1.4	2.6	(27.7)
*112	64	Leisuretime Int 10p	81	.....	—	—	—	—
440	235	Marina Dev. 50p	345	.....	m2.0	3.5	0.8	67.7
218	156	Mecca Leisure 10p	169	.....	4.5	◆	3.6	◆
127	79	Medminster 10p	110	.....	3.67	2.6	4.4	11.6
182	126	Midsummer Leis 10p	173xd	+1	2.8	◆	2.2	◆
460	200	Miss World 10p	441	+3	8.0	2.6	2.4	21.5
62	32	Multicore Visions 50p	34	.....	—	—	—	19.6
155	120	Noble Raredon 5p	145	.....	b1.33	1.5	1.2	71.7
169	87	Orient Ex Htls $0.125	128	.....	—	—	—	—
*89	61	Owners Abroad 3p	81	–2	g2.1	1.9	3.5	24.3
180	108	Pavilion Leisure 10p	112	.....	—	—	—	—
211	55	P'dilly Radio NV 5p	193	–8	3.25	◆	2.3	◆
264	175	Pickwick	228	.....	†2.6	2.9	1.5	29.8
*262	147	Pleasurama 5p	234	.....	◆6.0	2.4	3.4	13.8
*233	135	Do. 7pcCvCmRedPf	213	.....	7%	—	4.4	—
150	113	Prestwich	119	+2	1.25	7.5	1.4	12.7
142	76	Prism Leisure 10p	141	.....	4.46	2.5	4.2	11.9
*254	122	Quadrant Group 10p	214	+2	†3.6	3.4	2.2	18.3
367	97	Radio City 'A' NV	349	+2	6.0	4.2	—	13.6
276	89	Radio Clyde	248	–2	5.75	2.9	3.1	15.1
610	494½	Really Useful Grp 5p	538	+5	19.0	2.3	3.7	15.8
239	164	Saga Group 20p	238	.....	†4.6	1.2	2.7	39.5
110	78	Scott. Ice Rink 2½p	84	.....	—	—	—	—
434	343	Scott. TV 10p	372	.....	‡17.0	3.0	—	7.4
15	10	SelecTV 10p	14½	.....		—	—	
63	28	Spectrum 5p	38	–1	—	—	—	23.3

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1988/89 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								
63	57	Rentaminster 5p	57	.....	[illegible]	4.3	2.3	13.3
237	150	Royal Sovereign 10p	185	.....	†4.6	1.9	3.3	17.3
26	20	Scott Pickford 10p	20½	.....	3.1	0.7	20.2	10.6
116	69	Seacon Hldgs	95	.....	Z1.0	—	1.4	—
15½	7	Sonic Tape 2½p	8	.....	b—	—	—	10.5
27	17	Staks Hldgs. 5p	17	.....	—	—	—	20.1
*4½	2¼	Swanyard Studios 1p	2½	.....	—	—	—	◆
313	200	Tatare	303	.....	b1.0	8.1	0.4	31.1
36	26	Tomorrows Leisure 20p	28	.....	—	—	—	13.9
25	13½	Tullow Oil 10p	18	.....	—	—	—	—
135	105	UPL Group 10p	110	.....	L2.41	4.3	2.9	15.0
182	120	Unit Group	147	.....	F7.5	2.9	6.8	8.4
15	12½	Whitegate Leisure 20p	14½	.....	—	—	—	—
12	6	Do. Wrnts	10½	.....	—	—	—	—
6½	2	Wilton Group 1p	5¼	+¼	—	—	—	—

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¤ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	67	.....
Craig & Rose £1	710	.....
Finlay Pkg. 5p	85	–1
Holt (Jos) 25p	1198	–12

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£99⅝	.....
9pc Cap Ln. 1996	£108⅛	.....
Fin. 13% 97/02	£124⅛	.....
Arnotts	388	–5
Carrol (P.J.)	142	.....
Grafton Grp.	145	.....
Hall (R. & H.)	152	.....
Helton Hldgs.	65	+4
Irish Ropes	165	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons.	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met.	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen.	26
Lex Service	34
Lloyds Bank	29
Lucas Inds.	48
Marks & Spencer	15
Midland Bk.	35
Morgan Grenfell	28
MEI	12
Nat West Bk.	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect.	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Stock	p
Brit Land	38
Land Securities	52
MEPC	50
Peachey	54

Oils

Stock	p
Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	5½
Shell	85
Ultramar	21

Mines

Stock	p
Cons Gold	100
Lonrho	38
RTZ	40

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar retreats on intervention

THE FOREIGN exchange market backed away from a confrontation with central banks yesterday, taking the dollar down in spite of continuing strong sentiment surrounding the US currency.

The move out of the dollar and a lack of enthusiasm for the D-Mark increased demand for sterling, which rose to its highest level against the West German currency since July 1986.

Co-ordinated intervention by the central banks was regarded as a signal from the Group of Seven that the dollar's rise had gone far enough, leaving dealers to ponder whether the three-month peak of over DM1.84, touched early in Europe, remains a realistic target for further attack.

At the close of European trading the dollar had retreated to DM1.8285, from DM1.8360 on Tuesday. It had also fallen to Y126.10 from Y126.30; to SFr1.5560 from SFr1.5645; and to FFr6.2300 from FFr6.2550.

On Bank of England figures, the dollar's exchange rate index fell to 66.4 from 66.5.

The West German Bundesbank was the first central bank seen in the market yesterday. This stemmed the dollar's rise, and the currency was already well below the day's high when a wave of central bank intervention began around lunch time. This was also around the time of the New York opening, and included dollar sales by the US Federal Reserve.

G7 central banks, including the Bank of England, Bank of Canada and Bank of Italy, were backed up by intervention from the Swiss, Austrian and Dutch monetary authorities. Dealers in Paris said they did not detect any action by the Bank of France.

Interest rate factors should continue to support the dollar, amid concern that strong US growth will increase inflationary pressure. Tomorrow's figures on December US retail sales and producer prices may determine whether demand continues.

Mr Silas Keehn, Chicago Federal Reserve Bank president, said yesterday he saw worrying signs in the inflation trend, based on high levels of capacity utilisation and current labour conditions. He added that the dollar, currently supported by higher short term rates, could fall by 5 to 7 p.c. this year.

Sterling's immediate fate could be decided by comments expected from Mr Nigel Lawson, the Chancellor, in today's economic debate in the House of Commons. Mr Lawson's lack of concern at sterling's rise, when speaking to reporters yesterday, helped push the pound to a 2½ year high of DM3.2575 from DM3.2375.

This was in spite of intervention by the Bank of England, selling sterling against the D-Mark. Dealers said the scale of intervention was small however, estimated at only around £25m.

The pound also gained 1.70 cents to $1.7810, and rose to Y224.50 from Y222.75; to SFr2.7700 from SFr2.7600; and to FFr11.0950 from FFr11.0325.

According to the Bank of England, sterling's index rose 0.8 to 98.0.

£ IN NEW YORK

Jan.11	Latest	Previous Close
£ Spot	1.7830-1.7835	1.7645-1.7655
1 month	0.57-0.56pm	0.60-0.58pm
3 months	1.58-1.56pm	1.59-1.56pm
12 months	4.69-4.59pm	4.75-4.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.11	Previous
[illegible]	[illegible]	[illegible]

CURRENCY RATES

Jan.11	Bank rate %	Special* Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

*All SDR rates are for Jan.10

CURRENCY MOVEMENTS

Jan.11	Bank of England Index	Morgan* Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) *Rates are for Jan.10.

OTHER CURRENCIES

Jan.11	£	$
[illegible]	[illegible]	[illegible]
Malaysia	4.8660-4.8805	2.7265-2.7285
Mexico	4075.65-4095.80	2282.00-2292.00
N. Zealand	2.8130-2.8205	1.5785-1.5825
Saudi Ar.	6.6980-6.7040	3.7505-3.7515
Singapore	3.4600-3.4675	1.9390-1.9410
S. Af (Cm)	4.2120-4.2245	2.3725-2.3755
S. Af (Fn)	7.0615-7.2040	3.9605-4.0405
Taiwan	48.80-49.05	27.70-27.80
U.A.E.	6.5590-6.5645	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.6367	+2.78	+0.92	±1.5344
Danish Krone	7.85212	8.05412	+2.57	+0.71	±1.5404
German D-Mark	2.05853	2.08367	+1.22	-0.64	±1.0981
French Franc	6.90403	7.10125	+2.86	+1.00	±1.3674
Dutch Guilder	2.31943	2.35262	+1.43	-0.43	±1.5012
Irish Punt	0.768411	0.778776	+1.35	-0.51	±1.6684
Italian Lira	1483.58	1526.70	+2.91	+1.74	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Jan.11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jan.11	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

Jan.11	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.361	0.643	1.176	81.05	4.005	1	[illegible]	[illegible]	[illegible]	[illegible]
H FL	0.272	0.484	0.886	61.04	3.017	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.419	0.747	1.367	94.17	4.654	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.467	0.832	1.522	104.9	5.185	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.468	2.615	4.784	329.7	16.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Sterling prices move higher

SHORT STERLING futures finally broke through resistance at 87.18 in the March contract yesterday to finish at their best level for two weeks. Early trading adopted a slightly hesitant tone, touching 87.18 on two or three occasions without breaking through.

However, sterling's strong improvement, and comments by Mr Nigel Lawson, UK Chancellor of the Exchequer, that he is not worried about the pound's latest rise against the D-Mark, helped to push values up to 87.20. This triggered some strong demand up to a high of 87.24, and the price closed at 87.23 against 87.12 on Tuesday. Trading volume in the March contract was respectable at just under 19,000 lots. Traders now identify fresh resistance levels at 87.28 and 87.41.

US Treasury bond futures traded quietly despite the dollar's volatile movements. Investors adopted a cautious stance ahead of the US Treasury seven-year note auction due after the close of Liffe markets.

Elsewhere, UK gilt futures edged firmer, underpinned by sterling's rise. But the extent of the rise was muted. Fears about rising inflation were rekindled after the rejection of a pay offer made to Jaguar car workers.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
90	541	648	1	8
92	343	454	3	14
94	154	307	14	31
96	36	149	60	109
98	9	58	233	218
100	2	25	426	349
102	1	12	625	536

Estimated volume total, Calls 353 Puts 1804
Previous day's open int. Calls 19206 Puts 14491

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
82	702	706	4	24
84	506	529	8	47
86	318	360	20	114
88	146	243	48	161
90	46	144	147	262
92	16	101	318	419
94	5	37	507	555

Estimated volume total, Calls 165 Puts 445
Previous day's open int. Calls 2488 Puts 2837

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Puts-settlements Mar
17000	1651	51
17500	1221	121
18000	849	249
18500	550	450
19000	330	730
19500	183	1083
20000	93	1493

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 0 Puts 0

LIFFE £/$ OPTIONS

Strike Price	Calls-settlements	Puts-settlements
[illegible]	[illegible]	[illegible]

LIFFE EURODOLLAR OPTIONS

Strike Price	Calls-settlements	Puts-settlements
[illegible]	[illegible]	[illegible]

LIFFE SHORT STERLING

Strike Price	Calls-settlements	Puts-settlements
[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls	Puts
[illegible]	[illegible]	[illegible]

LONDON SE £/$ OPTIONS

Strike Price	Calls-settlements	Puts-settlements
[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

	Latest	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series	Feb. 89 Vol	Feb. 89 Last	May 89 Vol	May 89 Last	Aug. 89 Vol	Aug. 89 Last	Stock
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS : 44,739
A=Ask B=Bid C=Call P=Put

MONEY MARKETS

UK rates steadier

A SHARP rise in the value of sterling failed to have much impact on UK interest rates yesterday. With consumer spending remaining high and inflation unlikely to have yet reached a peak, the market sees little chance of a reduction in base rates in the short term.

However, sterling's performance has helped to minimise calls for a further rise. That said, many investors remain cautious. The current strength of the pound is principally a by-product of D-Mark weakness, and a poor string of economic data later this month could quickly reverse sterling's gains. The key three-month interbank rate was quoted at 13$\frac{1}{16}$-13$\frac{1}{16}$ p.c., unchanged from Tuesday.

UK clearing bank base lending rate 13 per cent from November 25

The Bank of England forecast a shortage of around £300m. Factors affecting the market included a take up of Treasury bills and bills maturing in official hands together with repayment of any late assistance draining £314m. A further £75m was taken out of the system through maturing sale and repurchase agreements. There was also a rise in the note circulation of £25m. These were partly offset by Exchequer transactions which added £95m.

The forecast was revised to a shortage of around £250m, and the Bank gave assistance in the morning of £216m through outright purchases of eligible bank bills. These comprised £174m in band 1, £15m in band 2, £10m in band 3 and £17m in band 4, all at unchanged rates.

A further revision took the forecast to a shortage of around £200m but there was no assistance during the afternoon.

In Frankfurt, the Bundesbank allocated DM13.5bn at its latest sale and repurchase tender. This matched a previous maturing facility. Traders had expected the Bundesbank to allocate a smaller amount, thereby tightening liquidity supply and pushing domestic rates higher. Call money was quoted at 5.15 p.c. against 5.20 p.c. on Tuesday.

French intervention rates were left unchanged at a sale and repurchase auction held by the Bank of France yesterday. Although the French franc is currently firm against the D-Mark, the Bank of France is wary of relaxing its tight hold on domestic interest rates, at least for the time being. The lack of pressure on the franc is due to the recent rise in the US dollar against the D-Mark, a position which could easily be reversed.

The Swiss discount and Lombard rates may have to be increased, according to Mr Hans Meyer, vice-president of the Swiss National Bank. Quoted by a Swiss news agency, he said that key lending rates were currently out of line with a recent firmer trend in money market rates.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.11) 3 months US dollars		6 months US Dollars	
bid	offer	bid	offer
[illegible]	[illegible]	[illegible]	[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

[illegible]	[illegible]	[illegible]	[illegible]

Jan.11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

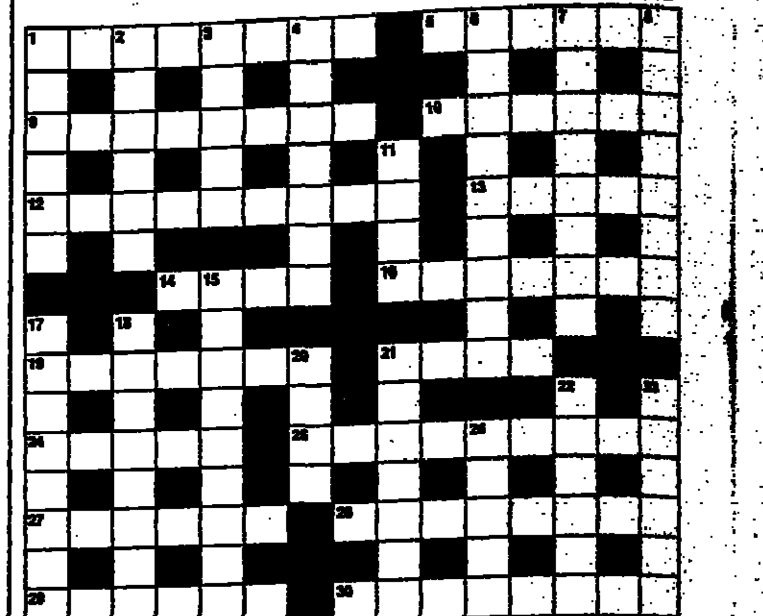
Jan.11	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CROSSWORD

No.6,832 Set by CINEPHILE



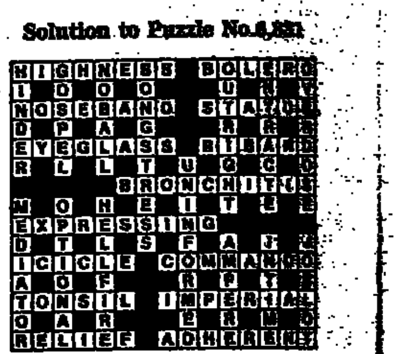
ACROSS

1 Polite disagreement won by ..... (5,3)
5, 9 ..... Protector of Catholic gypsy, healthy after fruit (6,8)
10 Shelter for your head in a squalid area (6)
12 Flower associated with tail, bushy? (9)
13 I enter cleaning lady for job at university (5)
14 Repeat the chorus without much thrust (4)
16 Jazz musician and buff within call (7)
19, 21 Sinking ball abandoned in garden structure (7,4)
24 Compass course has an odd sound (5)
25 Award includes coatin' for cake used as drug (9)
27 Barbarian Alaric's categorisation as "Goth" for example (6)
28 Bully for policeman walking on the front? (8)
29 Embargo on an article of fruit (6)
30 Break in hair style (8)

DOWN

1 Hiding place for model with prestige (6)
2 It shrinks, wanting to live (6)
3 Black look is reduced (5)
4 All Black losing head at speed (7)
6 Cryptic clue to ass at home in Oxford? (4,5)
7 More shameful about convict — he comes from the country (8)
8 Bike with right arm broken: this is what will stop it (3,5)
11 Attempt at crazy uprising (4)
15 Cold sore afflicted Bill in series (9)
17 Refrain from teasing feminist joint? (8)
18 Old Italian version of Centaurs (8)
20 Crippled yet willing to play? (4)
21 Inroads available to press? (7)
22 Nun, in trouble about bishopric, needs translation (6)
23 Happy to be born supple (6)
26 Cringe, as beast before monarch (5)

Solution to Puzzle No.6,831



JOTTER PAD

WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — FRANCE (continued) — GERMANY — GERMANY (continued) — ITALY — ITALY (continued) — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWITZERLAND — SOUTH AFRICA — JAPAN — AUSTRALIA — AUSTRALIA (continued) — HONG KONG — SINGAPORE

[illegible]

CANADA

TORONTO

2pm prices January 11

[illegible]

INDICES

NEW YORK — DOW JONES

	Jan 10	Jan 9	Jan 6	Jan 5	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
♦Industrials	2193.21	2179.46	2194.29	2190.54	2199.46 (9/1/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.44	88.35	88.40	88.35	91.25 (3/1/88)	86.12 (4/1/88)	—	—
Transport	986.22	986.38	984.44	978.11	[illegible]	[illegible]	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	187.41	187.23	186.40	186.34	[illegible]	[illegible]	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2213.75 (2209.11) Low 2182.32 (2185.00)

STANDARD AND POOR'S	Jan 10	Jan 9	Jan 6	Jan 5	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite‡	280.38	280.98	280.67	280.01	283.66 (21/10/88)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	324.33	326.07	326.74	324.41	327.53 (24/10/88)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	25.02	25.08	24.93	24.81	26.42 (20/10/88)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	157.85	158.15	157.96	157.49	159.01 (20/10/88)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	312.95	313.54	311.40	309.42	313.54 (9/1/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	384.59	385.28	384.76	383.79	394.77 (18/7/88)	331.97 (12/1/88)	455.26 (26/8/87)	54.87 (31/10/72)

	Jan 6	Dec 30	Dec 23	year ago (approx.)
Dow Industrial Div. Yield	3.66	3.70	3.70	3.62
	Jan 5	Dec 28	Dec 21	year ago (approx.)
S & P Industrial div. yield	3.17	3.20	3.19	3.31
S & P Indl. P/E ratio	12.97	12.86	12.86	16.39

TRADING ACTIVITY †Volume

Millions	Jan 10	Jan 9	Jan 6
New York	140.420	163.180	162.668
Amex	10.010	9.021	9.546
OTC	113.519	109.928	123.650

NEW YORK	Jan 10	Jan 9	Jan 6
Issues Traded	1,951	1,966	1,957
Rises	622	868	971
Falls	793	617	509
Unchanged	536	481	477
New Highs	49	61	48
New Lows	11	13	7

CANADA

TORONTO	Jan 10	Jan 9	Jan 6	Jan 5	1988/89 High	1988/89 Low
Metals & Minerals	3342.7	3346.7	3350.5	3338.6	3350.5 (6/1/89)	2238.7 (8/2/88)
Composite	3444.4	3445.1	3419.2	3409.0	3465.4 (5/7/88)	2977.9 (8/2/88)
MONTREAL Portfolio	1735.87	1740.60	1718.83	1711.25	1740.60 (9/1/89)	1305.06 (27/1/88)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
RJR Nabisco	3,150,900	94¾	+ ⅝	General Electric	1,243,500	44⅝	− ¼
Nova	2,143,500	10⅝	—	Citicorp	1,204,700	25⅞	—
P Svc Col	1,999,900	20⅞	− ¼	Phillips Pet	1,128,400	20½	+ ⅛
Savin Bus	1,741,700	13⅛	—	Pan Am	1,106,600	2⅝	—
SmithKline	1,594,900	52	+ 1⅞	IBM	1,072,700	121⅞	− ⅞

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 11	Jan 10	Jan 9	Jan 6	1988/89 High	1988/89 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1499.4	1501.8	1489.3	1478.3	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	676.2	678.4	677.1	675.1	847.8 (9/8/88)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	224.30	223.80	224.10	(c)	225.48 (4/11/88)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/84)	5654.30	5616.10	5593.70	5561.66	5654.30 (11/1/89)	3608.35 (4/1/88)
DENMARK						
Copenhagen SE (3/1/83)	280.49	283.10	282.98	283.07	285.32 (5/1/89)	180.68 (4/1/88)
FINLAND						
Unitas General (1975)	730.2	729.5	727.5	727.9	772.1 (8/8/88)	530.60 (5/1/88)
FRANCE						
CAC General (31/12/82)	434.1	436.4	438.0	433.5	438.0 (9/1/89)	251.3 (29/1/88)
Ind. Tendance (30/12/88)	102.8	(u)	104.3	104.1	104.3 (9/1/89)	100.0 (1/1/89)
GERMANY						
FAZ Aktien (31/12/58)	562.78	560.95	566.58	562.35	567.51 (5/1/89)	396.40 (29/1/88)
Commerzbank (1/12/53)	1687.7	1683.3	1702.0	1689.8	1706.6 (5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1353.42	1345.91	1366.55	1359.98	1371.10 (5/1/89)	931.18 (28/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	2872.52	2832.38	2792.27	2766.65	2872.52 (11/1/89)	2223.56 (8/2/88)
ITALY						
Banca Com. Ital. (1972)	600.38	600.37	599.02	(c)	600.38 (11/1/89)	423.91 (9/2/88)
JAPAN**						
Nikkei (16/5/49)	31143.45	31006.51	30678.39	30209.5	31143.45 (11/1/89)	21217.04 (4/1/88)
Tokyo SE (Topix) (4/1/68)	2442.10	2427.75	2401.81	2366.91	2442.10 (11/1/89)	1690.44 (4/1/88)
NETHERLANDS						
ANP-CBS General (1970)	290.7	293.0	294.5	292.8	294.5 (9/1/89)	205.7 (4/1/88)
ANP-CBS Industrial (1970)	254.6	255.8	257.7	256.8	258.3 (5/1/89)	157.9 (11/1/88)
NORWAY						
Oslo SE (4/1/83)	500.88	501.46	492.48	488.39	501.46 (10/1/89)	327.78 (28/1/88)
SINGAPORE						
Straits Times Ind. (30/12/66)	1085.59	1083.50	1072.99	1043.34	1177.87 (8/8/88)	833.60 (4/1/88)
SOUTH AFRICA						
JSE Gold (28/9/78)	1322.04	1325.0	1303.0	1300.0	1451.0 (7/7/88)	1154.0 (4/5/88)
JSE Industrial (28/9/78)	2063.04	2049.0	2032.0	2009.0	2063.0 (11/1/89)	1387.0 (12/2/88)
SPAIN						
Madrid SE (30/12/85)	276.19	274.35	274.32	(c)	301.63 (15/6/88)	225.50 (4/1/88)
SWEDEN						
Jacobson & P. (31/12/56)	3496.7	3488.5	3453.1	(c)	3496.7 (11/1/89)	2148.5 (4/1/88)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	624.1	620.2	622.3	618.4	624.1 (11/1/89)	466.6 (13/1/88)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	501.9	498.3	494.6	501.9 (10/1/89)	401.0 (21/1/88)

**Saturday Jan. 7: Japan Nikkei (c) TSE (c) ‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday 11 January 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Kawasaki Heavy Ind	60.3m	988	+18	Mitsui Eng & Shipbldg	36.4m	817	+11
Mitsubishi Heavy Ind	55.0m	1,110	uch	Sanyo Electric	27.8m	913	+5
Osaka Gas	53.4m	878	+1	Nippon Steel	26.0m	497	+5
NKK	41.0m	981	+5	Japan Line	24.8m	[illegible]	[illegible]
Mitsubishi Electric Co	38.1m	1,080	-20	Hitachi	24.8m	1,680	uch

3pm prices January 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
27⅞	15⅝	AAR	.44	1.8	17	74	24¼	24	24¼	+ ⅛
10⅛	8⅞	ACM n	1.01	11.		84	9⅛	9	9⅛	+ ⅛
12¼	10¼	ACMIn	1.26a	12.		267	10⅞	10⅝	10⅝	– ⅛
10¼	8½	ACM M	n.17e	1.9		67	9	8⅞	9	
12⅛	10⅛	ACMSc	n1.26	12.		979	10¾	10½	10¾	+ ⅛
10⅛	8⅞	ACMSp	n1.01a	11.		345	9⅛	9	9⅛	+ ⅛
5¼	2⅞	AMCA	.12e	3.8		3	3⅛	3⅛	3⅛	
6⅛	3⅞	AM Intl				491	5	4⅞	5	
23¼	18⅛	AM Int pf	2	9.1		4	22	21⅞	22	– ⅛
55	32⅞	AMR			9	2803	53⅛	52½	52⅞	+ ⅜
27	25	ANR pf	2.67	10.		1	25½	25½	25½	– ⅛
8½	5⅛	ARX			10	40	6⅛	6	6	– ⅛
50⅛	35¼	ASA	3a	7.8		204	38⅞	38½	38½	– ⅛
20¼	12¾	AVX	.24	1.3	13	492	18⅝	18¼	18⅛	– ⅛
52⅞	42⅞	AbtLab	1.20	2.6	15	1848	47	46⅝	46⅞	+ ⅛
20¼	15⅜	AbitiBi g	1			379	16½	15⅞	16⅛	+ ⅛
13⅞	7½	AcmeC	.40	4.2		55	9⅝	9⅝	9⅝	– ⅛
8⅞	6⅞	AcmeE	.32b	5.0	28	12	6⅝	6¼	6⅝	
29½	15¼	Acuson			28	658	24⅝	24	24	– ½
17	14½	AdaEx	1.82e	12.		172	14¾	14⅝	14⅝	– ⅛
16⅞	7⅛	AMD			16	2795	9	8⅞	8⅞	– ⅛
43½	28¾	AMD pf	3	9.4		140	32	31⅞	31⅞	– ⅛
8⅝	5½	Adobe				1307	6⅝	6½	6½	– ⅛
21⅞	20	Adob pf	2.40	12.		5	20⅜	20⅛	20⅜	
9⅛	6⅞	Advest	.12	1.6	24	260	7⅞	7⅝	7⅝	– ⅛
52½	39½	AetnLf	2.76	5.7	8	947	48½	47⅞	48¼	+ ½
37⅞	24	AflPb s	.22	.6		131	35½	34⅞	35½	+ ⅜
18⅝	13¾	Ahmans	.88	5.2	10	6022	17⅛	16⅞	17	
4⅝	1⅞	Aileen			21	3	3⅛	3⅛	3½	– ⅛
53⅝	36½	AirPrd	1.20	2.8	11	1650	44⅛	43½	43⅝	– ¼
23⅞	12¾	AirbFrt	.60	2.6	23	99	23	22⅝	23	+ ⅜
18¼	10	Airgas			17	306	15⅞	15⅝	15⅞	+ ¼
20	16⅞	Airlease	2.40	13.	9	26	19	19	19	+ ⅛
9⅞	8½	AlaP	dpl.87	9.7		26	9	8⅞	9	+ ⅛

Continued on Page 43

هكذا من الكمل

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅞	19½	Rouse	.30a	1.4		365	21⅞	21¼	21⅜	+ ⅛
58	34	Reyinld	1	1.7	8	3506	57⅞	56⅝	57⅜	+ ⅜
40⅞	29⅛	RiteAid	.82	2.6	14	588	32⅛	31⅞	31⅞	− ¼
1	5-16	RvrOak				13	11-32	11-32	11-32	− 1-32
10½	6⅝	Robtsn				158	9½	9⅛	9⅛	− ⅜
27	21⅞	vjRobbins			14	85	26	25⅞	25⅞	− ⅛
19¼	16¼	RochG	1.50	8.4	11	558	17⅞	17⅝	17⅞	
59½	40⅞	RochTl	2.64	1.6	14	279	u54	52½	53½	+ ⅝
15	6⅝	Rckwy	.35	2.4	18	451	u15⅛	14⅞	15	
20⅛	17⅞	RokCtr	1.64	8.6	14	150	19⅛	19¼	19¼	
29½	16⅛	Rockwl	.72	3.4	7	1459	21⅛	21	21⅛	
9⅝	6½	RodRen	.14	1.9		4	7½	7½	7½	− ⅛
37½	29¼	RoHaas	1.12	3.2	10	288	35⅝	35⅜	35⅜	− ⅛
33⅝	17⅝	Rohr			16	3575	31	29½	30⅞	+ 1⅛
19⅝	9	RollnE	s .08	.7	20	597	11	10⅜	10⅜	− ⅛
19¼	14⅛	Rollins	.32	2.9	17	43	18⅝	18	18⅝	+ ⅝
48⅛	26½	Rorer	s .80	1.9	24	1127	42	41⅛	41⅞	
8⅝	4½	Rowan				804	6⅝	6⅛	6⅛	+ ⅛
124⅛	104⅝	RoylD	7.24e	6.3	7	1080	114⅝	114⅛	114⅝	+ ½
13½	9⅛	Roylnt	.16e	1.5	18	140	11⅛	10⅞	11	+ ⅜
8⅞	6⅝	Royce	.51e	6.0		49	8⅝	8½	8½	
27	21	Rubmd	.44	1.7	19	285	25⅝	25⅛	25⅝	
28¼	17⅝	RussBr	.40	2.1	8	33	19⅛	19	19⅛	
18⅞	12	RussTg	.60	4.6	21	13	13	12⅞	13	+ ⅛
17⅞	11⅜	Russell	.24	1.4	15	359	16⅞	16⅝	16⅝	+ ⅝
32½	22⅝	Ryder	.58	2.1	17	1682	28⅞	28½	28⅝	+ ⅛
32⅛	21⅝	Rykoff	.75	2.4	16	226	31⅞	31⅛	31⅛	
20⅝	13⅛	Ryland	.60	3.0	8	222	20⅝	20⅛	20⅛	
13½	8⅞	Rymer				52	10⅛	9⅞	10	
10	7⅞	Rymer pf	1.17	13.		88	9⅛	9	9⅛	
		— S-S-S —								
34½	29⅛	SCEcp	2.48	7.6	9	646	32⅞	32⅝	32⅝	− ⅛
9½	6½	SCOR U	.10e	1.1	6	42	8⅞	8⅝	8⅞	
10⅛	7⅞	St Ind	.17b	2.1		27	8⅛	8⅛	8⅛	
45⅝	27⅝	SPSTec	1.20	2.8	29	44	43⅛	43½	43½	− ½
44⅝	30	SPX Cp	1.20	2.9	16	949	41½	40⅞	40⅞	− ⅝

…

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27⅞	14½	Zayre	.40			173	25⅛	24⅞	25⅛	+ ⅛
15½	9½	Zemex	.40	3.1	16	1	12⅞	12⅞	12⅞	
30	13½	ZenithE				1032	19½	18⅝	19½	+ ⅞
10⅞	8⅞	Zenin n	.59e	6.5		309	9⅛	9	9⅛	+ ⅛
3⅛	1	vjZenLb				207	1⅞	1⅞	1⅞	
21⅝	14½	ZenNtl	.80b	4.5	8	31	17⅞	17⅝	17⅞	
19½	13	Zero	.44	2.4	18	325	18⅝	18⅛	18⅞	+ ⅛
29	18⅞	Zurnin	.68	2.5	16	140	27½	27⅛	27½	− ⅛
17⅛	8⅞	Zweig	1.06e	10.		270	10⅝	10⅛	10⅝	
10⅛	9	ZweigT	n .16e	1.8		842	9⅝	9⅛	9½	− ⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices January 11

OVER-THE-COUNTER

Nasdaq national market, 3pm prices January 11

AMERICA

Wariness about 2,200 level restrains Dow

Wall Street

THE psychological stranglehold on the equity market of the 2,200 level on the Dow Jones Industrial Average tightened yesterday, as once again stocks tried to surmount this obstacle and failed, *writes Janet Bush in New York.*

This level, which has no technical significance, seems to have spooked the market. The Dow started on a rising note yesterday and was quoted at a morning high of just over 6 points up at exactly 2,200.

It started slipping back almost immediately. By 2 pm, the index hovered virtually unchanged from Tuesday's close, 1.35 points higher at 2,194.46. Volume was relatively subdued at 95m shares.

The equity market's new year rally looks increasingly out of steam. There has been a combination of favourable factors including a relatively stable bond market, strong dollar in spite of central bank intervention and healthy gains in stock markets overseas. Yet the US market has not been able to benefit.

The longer the market fails to advance from current levels, the more technically weak it becomes. *So far, although the rally has stalled, there has not been any significant selling pressure.*

One drag on the market yesterday was the dollar, which fell after a round of concerted intervention by several central banks including the US Federal Reserve, the Bundesbank and the central banks of Britain, Switzerland, the Netherlands, Belgium and Italy. This is the first time this year that a large number of central banks have acted in concert.

Currency policy within the Group of Seven leading industrial nations is a major talking point, particularly in view of the visits to Washington this week by Mr Nigel Lawson, UK Chancellor of the Exchequer, and Mr Gerhard Stoltenberg, West Germany's Finance Minister. There appears to be a major effort within the G7 to dispel speculation of a policy *rift between its members both* through public comments and through co-ordinated intervention.

Among featured stocks was Procter & Gamble, which slumped $1 to $87⅞ in spite of the announcement of an increase in its quarterly dividend to 80 cents a share from 70 cents. The reason was the news that the company had decided to strengthen its defences against any hostile takeover by establishing a $1bn leveraged employee stock option plan which would increase the ESOP's stake in the company to 20 per cent from 14 per cent.

Millipore dropped $2⅞ to $31⅞. The company said that it expected to report an increase in net sales in the fourth quarter of about 11 per cent, compared with analysts' estimates of 13 per cent to 15 per cent.

Raychem also suffered from earnings disappointment and the company's stock plunged $4¼ to $30⅞ after news that it expected earnings for the second fiscal quarter to be significantly lower than a year ago.

Phelps Dodge, in contrast, added $⅝ to $52⅝. The company's chairman said the board was considering raising its annual dividend of 40 cents a share and estimated that net income in 1988 had doubled that of 1987.

Emery Air Freight moved $⅛ higher to $6⅞. The company declined to comment on heavy activity in the stock, although it said there was no corporate news pending.

H.B. Fuller, a manufacturer of industrial adhesives, fell $⅞ to $26⅞ in over-the-counter trading after reporting net fiscal fourth quarter earnings of 51 cents a share, down from 76 cents a year earlier.

Canada

RISING gold and base metal shares helped Toronto recover *from early losses prompted by* falling oil issues and make a modest advance by midsession.

The composite index, which had fallen about 4 points in earlier trading, rose 9.7 to 3,454.2.

Stockholm gives budget a record welcome

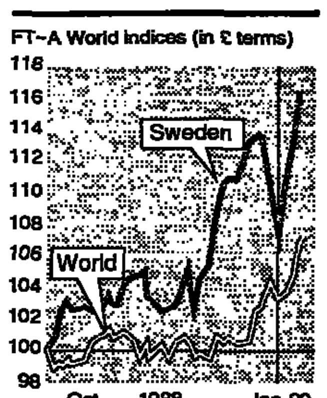
The decision to abolish exchange controls has benefited equities, writes Sara Webb

THE Stockholm bourse rose for the third day *running yesterday* as the market continued to show approval of the Finance Minister's budget – presented on Tuesday but leaked in considerable detail at the weekend.

The Veckans Affärer total index scored another all-time high, inching up 2.5 to 1,276.7, and the Affärsvärlden index rose 1.8 to a record 1,033.0. Turnover reached 387m, down on Tuesday's high volume.

The main reason for the rise stems from the Government's decision to abolish all remaining exchange controls, allowing Swedes to invest in foreign securities and open bank accounts abroad while foreigners would be allowed to buy Swedish government bonds.

There was some disappointment – which showed up in a slow market yesterday morning – over the fact that no specific timetable for the changes was given. Mr Kjell-Olof Feldt, the Finance Minister, remained vague on the question, though the market hopes to see the lifting of exchange controls by the end of 1989.

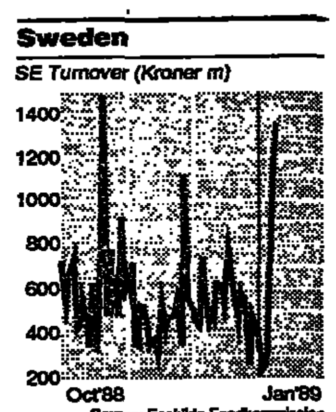


Interest rates on bonds fell on the news, though most analysts expect to see them creep up again in the near future. They also believe the deregulation will serve to stimulate interest again in the stock market in the long term.

Stockholm's usual problem is that of surplus liquidity. The mutual funds, wage-earner funds and insurance companies are flush with money and are committed to investing some of it in the stock market. "At the moment, no one dares sit on the sidelines," said one broker at Jacobson & Ponsbach. "Everyone has to be in the market."

As the opportunities for investing abroad have so far been limited to SKr3bn in foreign equities, this has not taken pressure off the Stockholm exchange and has helped to push the index up and up.

Yet even when the regulations are relaxed completely, Swedish brokers doubt that there will be a mad rush into foreign equities, thinking investors will stay in the market they are familiar with.



This year began on a bad note. After a 7 per cent rise in the index during December, 1989 started with a drop of 4.5 per cent as the Finance Minister chose New Year's Eve to announce a one-off tax of 15 per cent on corporate profits. The tax will hit companies that derive most of their disclosed profits in Sweden – for example, the banks – though analysts warn that auto manufacturers like Saab-Scania and Volvo will also suffer.

However, the market was quick to recover and by yesterday had risen about 1.8 per cent since the start of 1989 and 54 per cent since the start of 1988. Analysts predict a strong market in January, but expect a fallback in the spring on economic uncertainty.

Foreign investors are showing interest in the Swedish blue chips, with Trelleborg, the industrial conglomerate, up 3 per cent yesterday as foreigners saw extra potential in the company's mines.

ASIA PACIFIC

Nikkei hits another peak after early profit-taking

Tokyo

BUOYANT demand won the day, overcoming an initial move to take profits, and led share prices to another record high yesterday for the third consecutive session, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average began to slip soon after the opening, as hesitation over dangerously high prices set in, moving to a low of 30,903.88. The correction was short-lived, however, and the Nikkei recovered to a record close of 31,143.45, up 136.94, after peaking at a high for the day of 31,243.27.

Broad-based buying saw advancing issues lead declining ones by 585 to 333 while 184 issues were unchanged. Turnover was still very strong at 1.53bn shares, though modestly *lower than the 1.63bn traded* on Tuesday.

The Topix index of all listed shares rose 14.35 to 2,442.10 and in London the ISE/Nikkei 50 index gained 1.04 to 2,002.13.

Early profit-taking set in early on the belief that the market had risen too quickly *and was ready for a rest.* Foreign buying cushioned the profit-taking, however, said Mr John Courtney, a salesman at W.I. Carr, adding that foreigners were now very bullish on the Japanese market.

Arbitrage by foreign securities firms, buying heavily into financial stocks, also helped push up the Nikkei average considerably.

The bullish sentiment that supported the market's rise to record highs on Monday and Tuesday was still present, analysts said. "Fear of high share prices was, in the end, overcome by strong buying demand," said Mr Mitsuru Maekawa of Jardine Fleming.

Institutional investors – who had been raising their cash positions on the assumption that they would be able to buy cheaply when prices slumped after the Emperor's *death – were so eager to buy* that as soon as prices fell even modestly they could not keep still, said Mr Norio Watanabe, director at Credit Suisse Investment Advisory Co.

Pharmaceuticals were widely selected as underperforming blue chips and also on the *strength of better earnings* prospects. Daiichi Seiyaku, a leading pharmaceutical company, gained Y90 to Y3,170. Yamanouchi Pharmaceutical rose Y70 to Y4,170, Takeda Chemical added Y60 to Y2,820 and Dainippon Pharmacy advanced Y60 to Y2,410.

Financials maintained their uptrend, with Nomura adding Y90 to Y4,080 and Nikko rising Y80 to Y2,130 among securities. The Industrial Bank of Japan and Dai-ichi Kangyo Bank, Japan's largest city bank, both advanced Y100 to Y4,470 and Y3,500 respectively.

Textiles were popular as laggards and on expectations that they would report better earnings. There were attempts to link them to the defence theme as well, on the grounds that some make carbon fibre synthetics used for wing tips. Toho Rayon rose Y76 to Y945.

Iwatsu Electric, leading maker of telephones for Nippon Telegraph and Telephone, the telecommunications giant, picked up Y110 to Y1,250 on speculation that the company would redevelop some of its property.

Large capital steels and shipbuildings were mixed. Kawasaki Heavy Industries, the most actively traded at 60.3m shares, gained Y16 to Y968 while Mitsubishi Heavy Industries, second in volume terms at 55m shares, closed unchanged at Y1,110.

Broad-based buying lifted share prices in Osaka where the OSE average closed above 29,000 for the first time, at 29,161.56, up 221.29. Volume of 148.2m shares was substantial, though lower than the 191.7m traded on Tuesday. Iwatsu Electric gained Y180 to Y1,240 and Osaka Gas rose Y28 to Y887.

Roundup

THE BEST performer in leading Asia Pacific markets was again Hong Kong, which shadowed Tokyo's third consecutive peak. Singapore crept higher and Taiwan was up strongly, while Australia sank back into apathy.

HONG KONG has another powerful day, with gains in the US dollar sending stocks up strongly in the afternoon on *local and overseas buying,* much of it from Europe.

The Hang Seng index climbed 40.14 to 2,872.52 to its third post-crash high in a row, and turnover edged up from Monday's heavy HK$1.71bn to HK$1.87bn.

The more *broadly based* Hong Kong index improved 24.95 to 1,894.33.

Utilities showed the biggest gains, with China Light rising 70 cents to HK$14.70 and Hongkong Telecom up 25 cents at HK$5.25. Banks did well, with Hongkong Bank the most active stock, climbing 15 cents to HK$6.70 on 14m shares traded.

Some properties picked up interest in the afternoon, with Sun Hung Kai up 20 cents at HK$13.90. Hongkong Land, however, lost 5 cents to HK$9.80.

AUSTRALIA failed to pursue the gains of the last four days and eased back in the wake of losses on Wall Street and weaker metal prices. The All Ordinaries index shed 2.4 to 1,499.4 and turnover fell to a thin 72m shares, worth A$141m.

Most price movements were narrow. ANZ bank was again the most active stock, easing 2 cents to A$5.40 on 3.13m shares, while National Australia Bank rose 2 cents to A$6.30.

Retailer David Jones dropped 20 cents to A$7.80 after rising 40 cents on Tuesday. BHP was active, ending steady at A$7.34.

Golds were mixed, with Kidston up 2 cents at A$2.52 and Placer Pacific off 7 cents at A$2.17.

SINGAPORE managed to recoup early losses as profit-taking took prices to lower levels, prompting buying, and the Straits Times Industrial index closed 2.09 points higher at 1,085.59.

Institutions focused on industrial, property and shipyard stocks, and turnover slipped to 51.2m shares from 64.2m on Tuesday.

Far East Levingston, a marine stock, was the session's most active, with 4m shares traded, rising 11 cents to S$2.45.

TAIWAN racked up its largest gain of the year, with the weighted index climbing 196.2 to 5,669.06.

EUROPE

Spotlight fixes on takeover plays

EXCITEMENT in European bourses yesterday was confined largely to takeover plays, although Madrid showed some welcome signs of activity, *writes Our Markets Staff.*

PARIS saw further consolidation – described by one analyst as "healthy" – as LVMH remained in the headlines on strengthening reports that its chairman would soon leave.

The expectation that Mr Alain Chevalier would quit LVMH within the next week kept the market busy anticipating what would happen to the luxury goods group, which yesterday added FFr44 to FFr3,884. Interest is focusing on whether it will be broken up and how.

Moulinex was strong after news that domestic household goods sales, covering white and brown goods, had risen by 10 per cent last year. The stock rose FFr4 to FFr117, with 148,600 shares dealt.

Trading was suspended in holding company Cérus and financial group Dumenil Leblé amid expectations that the former would bid for the latter.

The CAC General index lost 2.3 to 434.1 and the OMF 50 index was quoted at 449.89, after 454.17 on Monday. It was unavailable on Tuesday.

MILAN ended virtually *unchanged but the Comit* index held above 600, adding just 0.01 to 600.38, with a number of conflicting corporate forces at play. Volume was said to be similar to Tuesday's L170bn.

Cofide, the holding group for Mr Carlo De Benedetti's interests, saw its savings shares rise L150 to L1,895, and some other stocks in his group were also firm. There were suggestions the gains were linked to the suspension in Paris of Cérus, the De Benedetti holding company in France, and Duménil Leblé.

Some stocks in which a market will be made in London for the first time on Monday showed movements attributed partly to position-taking by the firms that will be dealing in them. Ferruzzi rose L67 to L3,032 and Benetton added L149 to L10,750 before climbing to L10,900 after hours. Generali, on the other hand, shed L115 to L44,180.

Insurer Ras, which climbed L190 on Tuesday on news of its scrip and bonus issues, shed L450 to L44,350.

FRANKFURT had a dull session with only narrow movements in most blue chips, but the indices managed small gains despite continued profit-taking in some stocks.

The FAZ index was up 1.83 at 562.78 and the DAX index edged up 7.51 to 1,353.42. Turnover was a quiet DM3.37bn.

After a very strong start to *the year, many domestic insti*tutions had made the investments they wanted and were taking a breather, said one analyst. Also, the strong dollar had appeared attractive until the parallel weakness of the D-Mark began to raise concern that domestic interest rates might again have to be raised.

In chemicals, Hoechst rose DM4.20 to DM308 on the second most active trading worth DM250m and Bayer added DM2 to DM308.50. There were rumours that a joint Hoechst-Bayer venture had found a treatment for the Aids virus.

Thyssen was up 70 pfg at DM190.50 after its Thyssen Stahl unit reported a DM342m profit last year compared with a loss of DM209m in 1986/87.

Utility RWE rose DM3.70 to DM225.20 after saying it would hold its dividend at DM8 on slightly lower group net profits of DM766m in 1988 compared to DM779m the previous year.

BRUSSELS was led higher by the steel sector in busy trading, with the cash index advancing 38.2 to another all-time peak of 5,654.3. Cockerill gained BFr5 to BFr350 on turnover of 109,000 shares. Arbed rose BFr190 to BFr4,390 and Clabecq BFr50 to BFr1,800.

Wagons-Lits, the tourism group, rose BFr150 to BFr7,800 amid speculation that Sodexho, the French restaurant grouup, had taken a 15 per cent stake.

MADRID gained ground as investors moved back into the *market after the long holiday* period, boosting volumes and sending share prices up by a larger amount than expected.

The general index added 1.84 to 276.19 and turnover was estimated at higher than Tuesday's Pta 7bn, after levels around Pta 5bn last week. One analyst said many people had extended their new year holidays to last weekend's Epiphany holiday and were now returning to the market. But any optimism was still clouded by worries over interest rates and ongoing union/government wage negotiations.

In insurances, Mapfre rose 50 points to 1,400 of par and Fenix climbed 110 to 2,450. Tabacalera, which underperformed in the latter half of last year, put on 29 to 700 amid continuing positive news for the company.

ZURICH was weakened initially by the increase in domestic bank time deposit rates to 4¾ per cent, a rise of ¼ point, but managed to claw back losses by the finish. Attention focused on bearer shares after a spell of interest in participation certificates. The Crédit Suisse index ended 1.1 higher at 535.0.

Ciba Geigy, declining to comment on rumours it was interested in bidding for Britain's Smith and Nephew, saw its bearers rise SFr50 to SFr2,900.

AMSTERDAM was quiet, ending slightly easier on further profit-taking, with the CBS tendency index off 0.4 at 158.6.

Unilever, which had traded lower, picked up in late trade on US demand based on its takeover talks with Fabergé. It added 20 cents to Fl 120.40.

SOUTH AFRICA

MOST sectors were steady to firmer in Johannesburg yesterday, although gold shares closed mixed after some light profit-taking.

Ofsil slipped 50 cents to R70.50 while Vaal Reefs rose *R3.60 to R268.60.*

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JANUARY 10 1989					MONDAY JANUARY 9 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (90)	148.20	+1.5	124.56	113.65	4.72	146.06	122.79	112.59	152.31	91.16	99.31
Austria (18)	94.47	−0.2	79.40	89.57	2.75	94.62	79.55	89.62	100.00	83.72	94.31
Belgium (63)	132.50	+0.6	111.36	125.64	4.00	131.76	110.77	125.10	139.89	99.14	102.72
Canada (126)	128.34	−0.1	107.87	111.47	3.27	128.53	108.06	111.41	128.91	107.06	110.79
Denmark (39)	157.17	−0.5	132.09	151.40	2.00	157.93	132.77	151.60	161.60	111.42	114.96
Finland (26)	127.67	+1.0	107.30	113.52	1.54	126.35	106.22	112.35	139.83	106.78	111.00
France (131)	115.52	−0.6	97.09	113.35	2.84	116.22	97.71	113.58	117.51	72.77	82.77
West Germany (102)	86.73	−1.5	72.89	82.78	2.28	88.01	73.99	83.64	90.40	67.78	73.10
Hong Kong (46)	118.26	+1.3	99.39	118.52	4.16	116.74	98.14	117.03	118.26	84.90	93.49
Ireland (18)	125.00	−1.7	105.05	120.47	4.18	127.19	106.93	122.37	144.25	104.60	109.97
Italy (98)	84.21	+0.0	70.77	84.52	2.38	84.22	70.80	84.30	86.88	62.99	75.78
Japan (456)	195.51	+1.3	164.32	156.09	0.48	192.92	162.19	154.20	195.51	133.61	140.61
Malaysia (36)	148.57	+0.9	124.87	156.01	2.73	147.21	123.76	154.86	154.17	107.83	116.22
Mexico (13)	159.72	−0.5	134.23	399.54	1.28	160.58	135.00	401.88	182.24	90.07	94.64
Netherland (38)	110.63	−1.1	92.98	104.77	4.71	111.85	94.03	105.34	113.49	95.23	97.27
New Zealand (25)	69.92	+1.4	58.76	58.68	6.67	68.93	57.95	57.66	84.05	63.32	78.81
Norway (26)	150.47	+1.7	126.46	136.38	1.99	147.93	124.36	134.02	150.47	98.55	108.45
Singapore (26)	132.45	+1.3	111.32	118.44	2.25	130.75	109.92	117.04	135.89	97.99	101.55
South Africa (60)	116.89	+1.3	98.24	102.21	4.52	115.35	96.97	100.86	139.07	98.26	132.87
Spain (42)	145.90	−0.3	122.63	126.89	3.22	146.37	123.05	126.91	164.47	130.73	132.54
Sweden (35)	145.88	+0.9	122.61	135.30	2.11	144.57	121.54	133.87	145.88	96.92	99.23
Switzerland (57)	77.41	−0.8	65.06	75.08	2.26	78.02	65.59	75.31	86.75	74.13	79.79
United Kingdom (317)	135.02	+0.2	113.48	113.48	4.76	134.70	113.24	113.24	141.51	120.66	130.75
USA (572)	114.18	−0.2	95.97	114.18	3.65	114.42	96.19	114.42	115.55	99.19	100.00
Europe (1010)	113.89	−0.3	95.72	102.75	3.66	114.21	96.02	102.83	116.61	97.01	102.05
Nordic (126)	140.98	+0.5	118.49	127.52	2.00	140.26	117.92	126.62	–	–	–
Pacific Basin (679)	190.40	+1.3	160.03	152.69	0.70	187.87	157.94	150.85	190.40	130.81	137.17
Euro-Pacific (1689)	159.75	+0.9	134.26	132.92	1.56	158.37	133.14	131.82	159.75	120.36	123.16
North America (698)	114.94	−0.2	96.61	114.05	3.62	115.17	96.83	114.26	116.07	99.78	100.57
Europe Ex. UK (693)	100.48	−0.7	84.45	96.33	2.82	101.17	85.05	96.63	102.91	80.27	84.26
Pacific Ex. Japan (223)	129.29	+1.4	108.67	109.72	4.46	127.51	107.20	108.52	129.29	87.51	95.66
World Ex. US (1888)	158.23	+0.8	132.99	132.03	1.63	156.91	131.91	130.96	158.23	120.26	122.83
World Ex. UK (2143)	141.97	+0.6	119.32	127.33	1.99	141.18	118.69	126.65	141.97	111.77	112.34
World Ex. So. Af. (2400)	141.48	+0.5	118.91	126.16	2.21	140.74	118.32	125.52	141.48	113.26	113.86
World Ex. Japan (2004)	115.22	−0.1	96.84	110.04	3.68	115.38	97.00	110.13	115.54	100.00	101.23
The World Index (2460)	141.33	+0.5	118.78	126.00	2.23	140.58	118.19	125.36	141.33	113.37	113.98

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.62 (US $ Index), 114.42 (Pound Sterling) and 123.18 (Local).

Latest prices were unavailable for this edition.